

Audit and Finance Committee Meeting Transcript – 3/29/2017

Title: ATXN 24/7 Recording

Channel: 6 - ATXN

Recorded On: 3/29/2017 6:00:00 AM

Original Air Date: 3/29/2017

Transcript Generated by SnapStream

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>> Troxclair: Hello welcome to the audit and finance committee meeting. The first item is approval of minutes. It's 9:11 on March 29th. Is there motion for approval of the minutes? From the February 6th meeting? Moved and second. All in favor. Minutes are approved. Unanimously, I don't think the mayor is going to be able to join us today. Items no. 2, citizen communication. I don't see anybody signed up. Is there anybody here wishing to speak on an item not on the agenda. Then we move on to item no. 3 the comprehensive annual financial report. Good morning, mayor pro tem and council members I'm die ran Na Thomas. I'm here with the city's external auditor deloitte touche, to consider the comprehensive financial report and city financial statements. The controller's office is responsible for the preparation of the capper and my office works closely with the city's auditor to obtain an independent audit of the report required by the city charter. We'll start with this presentation slide deck that you have in front of you. It was not attached as back-up, so you have to find that copy. On page 2 of the slides. This is a copy of the front of

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the "C" "A" "F" "R" along with the link where you can find it on the city's website. The books are in the process of being presented. I'll have your copy in the next few weeks. I do want to mention as we look at this great cover, that this was issued on March 10th. That is the earliest we've issued it in over ten year. It's quite an accomplishment and would like to recognize the staff of the controller's office. Our auditors. Deloitte and tush. We got lots of questions, why are you asking for this so early. It was really great we were able to issue this report ahead of schedule and that's a great accomplishment for all of those who were involved. As a background why we do these financial audits and why we are here today. This slide lists out all of the requirements for performing the audit and the city is in requirement of all of these requirements. Deloitte and tush is an independent firm that they provided audit services. >> Deloitte is here today on the 29th which is 19 days after the issuance of the car. We have to issue and come before you within 60 days. Finally, I would like to thank everyone who is involved in excellent financial management and financial reporting of the city of Austin. First the mayor and council members for your continued support, for the city's goal of excellence and all aspects of financial management. Interim city manager. Elaine hart and executive team. Interim chief office Greg canally for your support and excellence in financial reporting. Mostess specially the city staff, those in the controller's office with him dedicated hours

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of hard work to get this report completed timely and accuracy and to deloitte for the professional and thorough manner in which they conducted the audit. Now I'll turn the presentation over to Tracy Cooley of deloitte for their presentation and their presentation looks like this. >> Yeah. Thank you, Diane nacht I think they're going to switch up the slides. Again I'm Tracy Cooley with deloitte. I see familiar faces. Blake Rogers is a senior manager involved with the audit and I have Kelsey who is audit manager and we prepared the presentation to summarize the fiscal year '16 audit which was completed 18 days earlier than last year, so we're quite proud of that. I will skip to slide no. 4. Thank you. We performed our audit on the comprehensive financial report and performed in accordance with auditing standards generally accepted in the U.S. And also government auditing standards and government auditing standards are require because of the federal and state grants that the city receives. We issued an unmodified or clean opinion on the financial statements. And, again, that date was March 10th. Our audit scope, during our audit planning, we always identify any areas of focus or any risks that we see as far as the city's control processes, or the actual account balances related to the car and reported within the car. We had two areas of focus this year that are not new, that are always our Arias of focus when we talk about risks related to the city and car. One of them related to the calculations of deferred depreciation and deferred contributions. This has to do with regulatory accounting reported by Austin energy and Austin water. It has to do with the deferrals on the balance sheet as

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sometimes you spend, and you have costs from that are going to be deferred until you actually collect the rates to pay for such costs. So, that is a complex calculation. So, it's always an area of focus for us. We perform that test, and we use senior members of the engagement team to perform that test just because of the risks involved with that calculation. The second item is management override of controls. On any audit we do. This is always going to be a risk. And really what it means, are the controls strong enough that it would present someone from booking a fraudulent or book us injury to the general ledger or car that would not be detected. So we do have controls in place that would present something like that from happening. We do a series of tests related to management override of controls. One of the things we do, simply talk to a lot of people in this room as part of, where do you think the risks are related to financial reporting, so we do annual updates on those conversations to identify the landscape, to identify the control environment and if any changes have happened in that control environment. We also look at any unusual or significant transactions out of the ordinary that would have occurred at the city during the year and lastly, we do a rigorous profiling of journal entries that are actually booked to the city's general ledger during the year and test those to make sure they were appropriately approved and that they were appropriately in accordance with gma as far as the reporting for those particular journal entries. The next item we have talking about discreet component units. These are included within the car. They are not approved by die Nana and her group. This is Austin enterprises, and these are the convention hotels

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associated with those entities. We don't audit these two discreetly. They are audited by other auditors. We don't redo their audit work, what we do and our standards allow us to do. These two entities were audited by other auditors and would be a rework to do other audit work. The Austin host enterprises, there was an emphasize of paragraph related to a going concern issue, really what the auditors were trying to point out was the fact that they are behind in paying certain debt requirements I. You'll see rereference that as well in the audit opinion on the city can I ask a quick question, are those other audits

presented to this committee? >> No, they are not. They are presented to individual boards. >> Okay. >> I think the last council, there were a number of debt payments for, I believe accb or the airport. Those maybe the debts that you had identified as being behind and now we have approved the payments of them? >> Yes. The city is in the process of restructuring that debt and assisting able and restructuring the bond holders. I believe that's the council items that came before you. >> That connect was this? This caused that to help? >> That's great. Thanks so much. Unaudited information. If you look at table of contents in the car, there are certain items labeled as unaudited. Management discussion and analysis is one area and the whole statistical section is

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another area. Our responsibility as it relates to information, we have to understand the city's methodology for pulling that information together. We read that information and make sure there are no material inconsistencies with what we also see in our audit of the car. Next item would be other reports issued. It's not just the car that we are responsible from an audit standpoint. There's an agreed upon procedures report from the Texas commission on environmental quality. This is annual procedures engagement that we performed every year. This was issued last week. The deadline was probably today or yesterday. So that was completed last week and in the next section really is the compliance auditing section. This is a single audit. Which is the federal and state grants and also the passenger facility charge program. There's a compliance audit there as well related to how the passenger facility charges that are collected are actually spent. There's some stipulations how that can be spent. These audits are still in progress. We expect to finish these in the next few weeks and report to the committee after that time. Sorry for all of the divider pages. Next we have required communications. So I'll run through these. These will be required on any audit that we do that we report to the governing body related to certain aspects of our audit. The first would be the objective of our financial statement audit is to express an opinion on the fairness of the presentation of the city's financial statements and we do this in all material respects. So, really, what that means, we audit with a level of materiality by major fund and then as a city as a whole and then secondly, the audit that we do goes not alleviate management or the council or the audit and financial committee from their responsibilities, which would be sound financial controls and having, the right qualified people in place to perform the car preparation, as well as the

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transactions underlying the car. Next, from a required communications standpoint, we can talk a little about internal control, and when we talk about internal control, we're talking internal control over financial reporting. And we don't issue an opinion of effectiveness of internal controls that you might see in a public company, but what we do, we have to understand the controls related to material business cycles, whether payroll, or cash. We try to understand the design of the controls, when we look at that, it's the design of the controls such that it would present a material misstatement from occurring within the financial statements and to the extent that we have gaps, in the design or implementation in the control that we identify, our responsibility is to report that to the committee. And Blake is actually going to cover a few items that we noted related to controls. So we'll cover that a bit later. In the car, in note 1, the city lists out all significant accounting policies and this is by account, by line item almost. We did not note any significant changes to the adopted accounting policies for the year. And then accounting estimates. Included in really any set of financial statements, you're going to see that there are accounting estimates or some management judgment involved in certain account balance, and I've listed them out here, the ones that -- the significant ones that are included in the car that we'll cover. We have attached behind the meat of this presentation, we have appendix a that walks through in great

detail the city's methodology for determining these estimates and our audit approach. I was going to go through the detail but hit them high level on this bullet point list. The first two relate to the city's post employment benefit plan, which is the retiree health plan, and also the net

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pension liabilities which are the city's three pension plans, the fire plan, the police plan and the overall city plan. The estimate involved here for all of these plans relates to the city involved actuaries that use assumptions on mortality rates, discount rates, to come up with what these liabilities should be and what should be reported in the financial statements and for our audit approach, what we do involved dual actuaries to look at estimates to make sure they are reasonable. For pension, we did not note that there are audits related to the assumptions where it's involved. The third is the nuclear commission liability. This is reported only in Austin energy and there was a study done a few years ago on what this study should be. There's a third-party study done. Each year Austin energy applies escalation factors to that original liability which is the appropriate way to do that, on inflation, labor cost, overhead costs to determine how that liability should be going forward. Again, we were able to recalculate this particular liability based on third party data and did not know any adjustments related to liability for decommissioning. Next item, the fair value of derivatives, this includes the interest rate swaps for the derivative that the city has as well as Austin energy derivatives as well. We involved our fair value specialist to determine an independent estimate what the value of these derivatives should be and again, this should not involve any audit adjustments related to fair value of derivatives reported by the city and lastly, we talked about this before. This is deferred amounts referred to regulated operations. A large estimate in the city's capex and we did not note any issues related to the calculation for Austin energy. We did note a control deficiency related to the calculation for

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Austin water, which Blake will cover in just one second. So, with that I'll turn it over to Blake to run through audit adjustments. >> Yes. I just wanted to circle back real quick. I'm looking at appendix "A." >> Yeah. >> On the second item, the net pension liabilities and related balances, and I just wanted to confirm that your assessment of that, it says down here, management's methodology and results amounts were deemed reasonable. So you didn't find any exceptions or issues or problem was any of the three pension programs that we have in the city. >> That is correct. >> That's correct. Thank you. >> Can I ask a clarifying question. I mean, I'm assuming that that finding, as well as the overall lens in which this entire audit is done, is just making sure that the numbers -- the numbers are adding up. It's not necessarily a judgment of whether the -- I mean, it's not a performance audit. It's not, you know, as the money is being spent on the right programs, are we getting a return on our investment, it's just an accounting audit. If the city is saying that this much money was spent on this program, that you're verifying that it was. >> To an extent, yeah. We don't do operational audits. We don't look at, you know, what would cross into the city auditor's purview as far as accounts. Our responsibility is to opine on the city's financial statements and are they in accordance with GAAP, so the accounting policies are correct and they are as they should be based on the standard set which is the government accounting standards board. Are they materially correct related to the transactions in accordance with what they should be, that type of thing. You're right. It's not an operational audit. We do compliance audit but that's a federal and state grant audit where you spent money on -- from this program, and was

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it an allowable cost or not. Does the grant allow you to spend the dollars on that. So, we do sort of both as far as this presentation is geared more toward transactional. >> And I misspoke, I didn't mean to say that you were confirming that not the money was found for specific programs but that's not -- >> We do that, too, on the single audit side. >> Thank you for clarifying that. >> So, I believe there are specific operational audits done on those three funds and I know that they are carefully and tightly regulated by other governmental entities. For sure the state, and then possibly also federal. Do you review those audits? Is that a factor? Okay. So -- >> We do. Part of our process for the pension audit, we get those audit reports. Those have a December year end. So we're able to get the latest audit report as part of our process, to make sure that the firms that were doing the audits were qualified. That's done typically and we look at the disclosures within that report. Did it meet what it should meet from a gas leak disclosure standpoint. We do look at that and the fact that those three pension reports had clean or unmodified opinions. That helps us. That's step one. What are we dealing with and what is the city dealing with as far as what are the balances ending up on the city's books from the plans that are audited. That's step one. So, that is a good point. >> Okay. >> It is audited by other auditors. >> And you review that audit as well? >> We do. >> Okay. That's really helpful to know. Thanks so much. So, I wanted to talk a little about some results of the audit with you guys today. Our audits are designed to have reasonable assurance about whether the financial statements are free from material misstatement and as tracia mentioned earlier, there's a

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certain level of materiality used in doing that. There's a couple adjustments that I wanted to bring to your attention and we bucketed them in basically two separate categories. First is material adjustments identified during the audit process that were corrected by management before publishing the financial statements and the second would be adjustments that were identified during the audit process that were not corrected by management. So I'm going to cover that first bucket first and we'll talk about the uncorrected adjustments. The first is some -- two material adjustments that were brought to the attention of management and were corrected. They both relate to the same -- the same event this year, and that was the opening of the consolidated rental car facility or conrac at the airport this year. The conrac, the city properly identified that this agreement to build the conrac was a certain -- a specific type of public/private Arter inship. As goods bye called it, a arrangement that requires special accounting. But there's one piece of accounting that management corrected and that requires them to book the present value of the installment payments the city will receive during the course of the agreement as an asset on their financial statements offset with a deferred inflow of resources. So, management did correct that. There was no impact on the net position of the airport fund as a result of this adjustment, so it was simply an asset and deferred inflow of resources. The second adjustment really to this transaction, and specifically relates to the components of net position. The transaction itself has an effect on the calculation of the components of net position, and we identified an error in how those calculations were done. So, the city did correct a classification issue only between the three different components of net position, but

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it did not affect net position in total. And that amount was 146 million that you see in this slide. As far as the uncorrected misstatements which was the second category of adjustments that I wanted to talk about with you, we have listed those as an attachment to this presentation as appendix "B." None of those were -- we certainly can discuss any of them with you that you have questions about but we wanted to present them with you there. These are adjustments that we identified during the audit that

management determined were immaterial and did not record in the financial statement so we summarized those on appendix "B" for you. We did not note any issues with the disclosures related to financial statements. If there were, we would have pointed those out here. And Tracy mentioned control related matters. We're not looking to identify all that would be significant to discrepancies or material Baek. If we do identify something in that realm, we want to bring that to your attention. The this first slide brings an overview of different severities of controlled deficiencies and definitions. Material weakness being the most severe. That would be there's a defirntcy out there that there's a reasonable possibility that a material misstatement in the financial statements would go undetected. We did not note material weaknesses however we did note two significant deficiencies and significant deficiency is something that's less severe or something we felt merited the attention of the audit and financial committee. The next slide talks about those two significant deficiencies. The first one related to the accounting for the conrac that we discussed that results in adjustments that we discussed on the previous slide. We pointed out management needed to look at all aspects of Gadsby's which requires this kind of arrangement. The second relates to

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depreciation calculation for Austin water which Tracy alluded to earlier in the presentation. The deferred appreciation calculation results in accounting for regulated operations for Austin water. It is at a high level. It represents the different between the cumulative appreciation of assets that Austin water holds and cumulative customer billing for those assets, and it is a very complex and very detailed calculation that management performs to arrive at that estimate. We noted some errors in that calculation this year. They did not result in material adjustments to the financial statements and in fact there's one adjustment listed in the uncorrected misstatements in appendix "B" related to the specific issue we noted. This is the second year we noted smaller aers in this calculation that we felt it necessary to bring it to your attention as this was the second year for that. Management did concur with the findings that we had here. I also mention here that this presentation as Tracy said does not include any of our issues that may come up during the single audit or the audit of the federal and state grants which is still ongoing for the city as well as passenger facility charges procedures that are ongoing. And the last topic to end on, the governmental accounting standards board who sets the accounting and finance reporting standards for the city has been very, very busy and because of that, your team as well as us, have been very, very busy. So we wanted to point out here on this slide that there are four new accounting standards that will be implemented by the city next fiscal year as well as a handful implemented the next three or so years following. While the list for next year looks daunting, just anecdotally, I think the one that will probably have the most significant effect for the city will be the tax abatement disclosures. Those are disclosures only so

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they will not affect the actual finances but rather a disclosure item but management is still evaluating these and we will continue to look at that with them and those that are affected for future years, there is a new standard coming related to the retirement health care plan that the city offers that will change the way the city accounts for other post employment benefits, namely the retiree health care and that will be effective not next year but the year after. With that, we move into the appendixes. We didn't have specific talking points we want to cover unless you have questions about those. You'll find attached also in appendix "C," management represent sensation letter. That was management's represent sensation that they signed us, stating various things like the financial statements are correct, and that they provided us with all of the proper support that we asked for, as well as their represent sensation to

us that the uncorrected misstatements noted in appendix "B" are immaterial to the financial statements. >> Thank you. Do you want to -- a chance to respond, or do you feel like -- >> We do. We have a few slides in response to the audit finding. >> Great. Any questions before we move on to that? This is now moving back to the previous presentation. So, I wanted to provide some background and some information along with management's response to the two significant deficiency findings that Blake just presented. With regard to gadsby60 and concession service arrangements. I want to say this was a very complex analysis that we needed to walk through and the city

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spent a significant amount of time with the airport staff, and controller's office staff working through the analysis and there were two paragraphs of the statement that we missed. One was related to the string of payments over the next 30 years that we needed to discount back and record. And then also the classification of net position and those are things that we missed in the process. Thankfully deloitte caught those for us and we were able to correct those in the car and those are now correct and one of the things that we talked about with staff is that we will spend more time on the front end as we think we have these agreements -- these types of unique transactions coming forward in mapping out all of the requirements of those statements and making sure that we implement each part of those. So, we'll kind of create a checklist for ourselves of the things that we need to remember as we're working through these complex unique transactions. The second item, as Blake mentioned was related to the accounting for regulated operations in Austin water, and I would have to say there are a lot of unique things that happen in Austin water this year that caused us to focus, so basically, this spread sheet, if I can kind of give you the sense of its complexity, is probably 10 or 15 tabs in an excel workbook that go for many, many rows and try to do two things. We look at ha what is the calculation today. What do we think that asset or liability needs to be recognized on our statements today but also, if we were to take this out into the future, would we ultimately balance out, right? Because the idea of this is that we're recovering in rates, or paying in rates, in the future, things that are happening today. And so it's a very complex

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calculation, and there are several things that occurred this year that had us focused in purely on what happened in fy-16 and one of the most basic and simple things that we needed to do was to make sure that our fy-15 balances were correct. And finally, sometimes it's the easiest thing to do that you miss, and that was the unfortunate thing for us, so, we have added again a step to our check review checklist to make sure that the adjustment -- and really, it is also kind of unique, because last year, at the end of the year, we had a late adjustment and had assumed that it had been run through the calculation and everything had been properly reflect so that we would start off using those work papers correctly this year. So, we missed that and we've added that to our checklist. As we continue to get recommendations from the auditors, we continue to make improvements in the way that we perform and review to make sure that we don't repeat those same mistakes. I'll be happy to answer any question. Patrol car members, any questions? >> I just wanted to thank you all for your work, I think this, as in previous years -- as in previous years it indicates the soundness of our accounting and financial practices throughout the city of Austin. I thank the staff and our external auditors for the careful look at all of you for bringing it in earlier than usual. >> Thank you very much. I just had my thanks as well. >> Thanks for finding those errors, because I know, they -- if you don't catch them later, it can be a much larger issue. >> You're absolutely right >> Thank you. >> That's the purpose of doing this external audit is to make sure -- I know the staff does

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their best to make sure everything is correct but it's helpful to have the external audit to point out anywhere we need to have a change. I did voo one minor question, since the Austin water calculation was something that was brought up in a previous year, excuse me, is it just the calculation is so complicated that it allowed it to happen again or is it something -- was there something that we should have put in place last year to prevent an error from happening this year? >> So, each time we look at that calculation. We put additional checks and balances in place, so the issue was not the same issue that occurred this year. It just happened to happen with the same worksheet and with the same numbers. >> Okay. Great. Thank you so much. Appreciate it. >> Thank you. >> Tovo: Okay that brings us to audit of the city's harassment, discrimination and retaliation investigative practices. I don't see anybody signed up for any of the -- oh, you are signed up? Okay. You would like to speak on this item? Okay. If you don't mind giving your name to the clerk over here, and eek.

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My office hired an outside consultant to conduct an audit of the city's personnel policy, specifically harassment, discrimination and retaliation. And Alan Pennington from matrix consulting is here to do the presentation today. >> Great. Welcome. >> Thank you very much. For being here today. I do have a brief power point to go through and I'd be happy to answer any questions as we go through this. So, just a quick overview of what we were asked to do as part of this engagement, we were asked to look at the investigations and review them for alleged harassment discrimination and retaliation for claims filed between 2010 and 2015. A five-year period. Specifically looking at investigation procedures, to look at and report on investigatory practices of other entities and development recommendations for the city that would improve your processes and protocols. In terms of a little background to ensure that everyone understands how the current process works, investigations within the city of Austin are done in a decentralized manner so the human resources department, specifically the employee relations division, has five employees that are assigned to conduct investigations as part of their duties. They also have other duties that they perform related to human resources activities. Most operating departments also have hr staff that could be involved in conducting investigations as part of their general human resources duties. The process in place at the city right now, generally follows the diagram that you see there. There's a complaint intake process where an employee can file their investigation or their complaint. There's an assignment of an investigator. The investigation is then conducted and findings and determination letter is prepared and issued.

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At the completion of that investigation, there is a debriefing, both with the employee who filed the complaint, with the respondent as well as the department, and if it is a finding that is sustained there could be follow-up action in terms of remedial action in terms of changes in policies and procedures, training, discipline that may be related to that. On this slide, I want to just quickly go through the number of investigations of the type that you asked us to look at, which were discrimination, harassment and retaliation and you can see here that from 2013 to 2016, the number of investigations range from 41 in 2013 to a high of 107 in 2015 and 100 in 2016. You asked us to look at year 2010 and 2015. Unfortunately the availability was not present. In 2013, we'll talk about the city implemented a system called A.I.M. Which is a tracking system for their investigation complaints and departments started using that in October of 2013. From that point forward. We have great records of completed

investigations. Prior to that, there are not complete documentation of the numbers, and that's why you see 2013 to 2016 listed here. >> Can I ask a question of my colleagues? Do -- you said this was a council - this was a council action. Was there a reason we chose 2010 to 2015? I'm not remembering if that was just a five-year convenient period or if there's something specific that we were wanting to focus in on during those years? >> I was the lead sponsor on this resolution and it was an attempt to really get -- there was nothing specific about those particular years, it was just an opportunity to get a broader look at the patterns that presented themselves through a five-year period. >> Okay. Thank you. >> Sure. >> So I'm going to move into the

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findings now. And give you an overview of what we found so the first finding we have relates to the files we see unfollowed old. Based on review of the files we found they contain relevant inappropriate information and the documentation supported the conclusion reached in those investigations however documentation was not maintained in a consistent manner throughout the files and we'd talk a little more about that. In the report, for each finding, we have a set of recommendations listed. In conducting this review, we pulled and reviewed individually 80 files related to harassment discrimination, retaliation. A majority of them were from the employee relations department but we also looked at those that were completed at the departmental level. Again, what we found in looking at those files, there was generally comprehensive and appropriate documentation maintained within the file but it wasn't in any consistent manner. So, finding it, took some time. You couldn't look at a specific place to see the complaint or the witness statement, et cetera. But most critically, I think, is that there was no indication from reviewing that documentation, that the findings deviated from the evidence that was reviewed by that investigator. A couple areas where the city does not conform to best practices in this area, include the lack of standard file maintenance activities and procedures, and compliance with records retention policies limited the availability of some investigation files. I mentioned not all investigation files had been maintained. Some had been destroyed in compliance with city's adoption records and retention policies so they weren't available to us to review. Those were at the department level from the time period we looked at from the files we pulled in er. All of those files were maintained and available to us. The second finding has to do

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with policy and procedure guidance and what we found is the city does not have sufficient guidance in place for personnel investigations including defined roles and responsibilities for investigators, time frames for completing the investigations and reporting requirements. So, current strength of your process is that the city provides multiple avenues for an employee to file a complete, so, an employee can report their complaint to their direct supervisor to a department director or assistant director, directly to the employee relations division, to the law department or the city auditor. I think that's a strength in organizations that limit where you can file a complaint, you can put the employee at a disadvantage or if they're not comfortable addressing that individual, so, it's something that is a positive in your current approach that you should maintain. So, key areas where the city is not in conformance with best practices, complaints are not centrally tracked, while we talk about the existence of A.I.M. As a tracking mechanism it's done after the investigation is complete. At the time of filing a complaint there's no way to know today, if you were to ask me how many complaints are active today, we have to look at, contact er and contact every department to find active investigations from multiple logs so one of the recommendations we have is use a central log so that you know that. Which relates to the second bullet point. The inability to understand and provide access realtime data on what is open in terms of your

cases. The criteria for signing investigations need to be improved. It's not as well defined or consistently applied as we like to see or as we see in some other organizations and because of the way A.I.M. is utilized, management reports on status of investigations, time frame, performance in terms of the percentage of complaints or allegations that are sustained or not sustained is not readily available. That information is not easy to generate at a moment's notice.

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And the lack of those limits the city's ability to effectively manage and oversee the investigation process. The third finding has to do with training related to sexual harassment discrimination and retaliation. There's two key components. One we identified there's not a proactive training program for all employees and the level of training of investigators is inconsistent. Best practices organizations, typically would have in place a defined program of proactive training for all employees. Some of the peer institutions and organizations that we looked at would have training every two years for all employees. That's really beneficial in managing the risk. Training at the time of hire is great but after ten years people forget what the policies and procedures are. They've changed and it becomes more reactive than proactive. Additionally, that ongoing training provides reassurance to employees that there's a commitment to, and a focus on, ensuring these policies are followed. So, where the city is not currently meeting this best practice is that individuals assigned as investigators are not consistently trained, meaning there's good training provided, but it's not done universally. The variation is even greater at the departmental level where it's really up to that department to determine what training they send hr staff to and that may or may not include investigation training as that's only a small component of their duties and the second area you're not in conformance of best practice is not allowing some employees to and at some level of periodic training. That would be regular training as well as separate training for supervisors and managerial. The fourth finding has to do with the technology utilized by the city in managing and tracking investigations. What we found is it's not effectively utilizing available technology. And that's limiting your

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management and oversight capabilities. Specifically, as I mentioned, the city uses a system called A.I.M. It's principally used as records retention. After the faxed, all investigation files are entered with great information about when the complaint was filed, when the investigation was concluded, whether it was sustained or not, the time it took. All of this information is available but it's available at the conclusion of that investigation. As I mentioned, all departments starting in earnest this in effective October 1st of 2013. When we looked at approaches that others used and look at best practices, there's some key elements of technology use that we wanted to know. You should require complaint entry at the time of receipt. Whatever system you're using should provide immediate notification to employee relations, since they are your central hr resource, they provide oversight on these, we want to ensure that they know about the complaints as soon as they are filed. And can ensure that they are appropriately started and an investigator assigned. The system should enable monitoring and tracking of the status of investigations. Maintaining complete and accurate information regarding the complaints and investigations that are ongoing or completed, enable you to monitor work load to ensure investigators are not overloaded and enable realtime reporting so if we want to know how many sexual harassment cases are active today you can know that in a moment's notice. We want to know how many discrimination claims are sustained or not sustained that information should be readily available. The utilization of A.I.M. As it's currently done is not in alignment with best practices in a couple areas. There

are inaccuracies in A.I.M., specifically related to cases that are open inadvertently and data not cleaned up for actual data on specific investigations, what we found in there was complete and accurate.

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Comprehensive and standard performance reports are not available and those would include, as I mentioned, timing of investigation, sustained rates, and other general information like that. And one thing we did note in looking at the comparative entities is that all of the other entities had some sort of comprehensive hrms system in place. You have an A.I.M. For the tracking of the investigations which is good, but it doesn't link to other hr systems. And the final finding that we have relates to organizational structure and staffing related to investigations. The current staffing and organizational structure, where the employee relations department -- division staff have multiple hr duties so they conduct investigations but they also provide support to departments, may impact the ability to complete investigations in the most timely and objective manner. We've provided for you a comparative staffing allocation with some of the peer entities that we looked at. These show a wide range of staffing allocations. It's arranged in order of largest to smallest in terms of number of employees. And they also have, as you note in the report, different models where some are more centralized and decentralized than the cross. This shows centralized staff. The other important note on the staffing is Jacksonville, Florida, among others, has some investigations that are done specifically by eeoc investigators within their organization and that's all they do is focus on investigations. So, related to the staffing issues that we brought up, as we mentioned employee relations staff are not devoted entirely to investigations. They have other duties that they have to perform. This dual role can affect timeliness because there's other hr duties that are time sensitive that must be completed and that may or may not impact investigations in a timely manner and could impact

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perceptions of objectivity because they are required to act in one case as an arm of management in supporting the departments and managers and supervisors in handling their employee relations and hr issues and they have to also serve in an objective manner when investigating complaints that could involve certain individuals that they are working with on other issues and finally, we made a series of recommendations in the report and you see we group those to address each of the five major finding areas. File maintenance, consistency and document exchange technology. Organizational structure and staffing. It's a quick overview of the report, and the key findings, and we'll open it up for your >> Thank you for that presentation. Do we -- do we -- is there a response from staff that they would like to give right now or are you only here as a resource in case we have questions for you? >> Good morning, Julia Hays, director of human resources. I'm also joined by Jeff Burton, who's currently acting assistant director for my previous position, but he also serves as division manager of our employee relations department -- division, and was responsible for being lead as we responded to this particular audit. Thank you all and thank the committee for the opportunity to just provide some feedback. Each of you have already received our response relative to this audit but I'd like to have an opportunity to just share a little insight based on some of the responses you received this morning and I'll go in order of the recommendations in an effort to keep that systematic. In terms of their recommendation, one, case management system as articulated in October of '13, the A.I.M. System was developed to begin to track which was at that time a very innovative process in terms of trying to manage

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our caseload. We are certainly going to evaluate the concept and idea of utilizing possibly a.i.m.'s or other case management systems already utilized by the city in an effort to create a case management system that allows us more opportunity for realtime data relative to existing cases, and completed cases. However, I do want to point out that we ideally, which connect to the final recommendation, are looking for the opportunity to put the city to engage in a human capital management system that's citywide that will allow us an opportunity to not only utilize that case management but to also be able to be a little bit more best practice relative to purporting any other area of museum resources. I know many of you all have had an opportunity to hear the city's request for those systems to include payroll and other areas, and so it is important for us to identify if there are opportunities for us to begin to seriously consider a more robust system. In some of the cities we looked at. People -- other entities, case management and allowed us an opportunity to utilize it in other areas. And so we do, in the absence of that system plan to be as committed as possible to figure out ways to enhance our A.I.M. System, to try to create that case management, and we're looking at the system utilized currently by police and the auditor to see if there's some opportunity to utilize current existing systems currently used as the city. But we're very, very committed to that as a process to make sure we can provide some realtime data and to be able to set metrics and really be being to evaluate those metrics, not only as a city department but for the investigations that are being completed in the departments. In addition to that, I think the second point of view in terms of us implementing a policy, we absolutely concur. I think after our discussion with you on last year we committed to establishing a procedure that provides

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complainants more opportunity to understand what the process is, how it will happen. First step in that process was the establishment of the definitions that we brought before you on last year in terms of discrimination, harassment, retaliation. In those definitions, as you recall, we enhanced the language relative to supervising, management, accountability for reporting. We also added a section relative to enhancing our employee conduct section to include bullying and we work worked with you and other key stakeholders to make sure our language was transparent in alignment with what we needed to communicate to our employees relative to those policy violations. So in addition to what you heard -- excuse me -- from the auditor, there are some other things that we received as feedback, not only from afscme and other employees throughout our stakeholder opportunities, and that included opportunities for complainants to receive responses and final findings of investigation without having to do a pir to receive them, so we're evaluating a process by which we provide some form of communication. There was also some concern relative to the influence of management and the final findings. We immediately instituted a process to where our investigators at the hrd corporate level have full capacity to provide key findings without any interruption or influence of me and/or any other management and if there is a disagreement with the findings I formally write that so that we can transparently and adequately articulate where the findings are and the perspectives of the management. So I think that was also some key concerns that we heard in the process. And I think the other key concern that we're we're looking at relative to the procedures that we plan to develop is also to assure timeliness. As we have already stated we have five employees who do investigations at the corporate level. Those employees are also responsible for training on

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policies and procedures, and they're also providing guidance to the departments, and while that may be a lot of work, what we've also found is that if we don't have a dedicated group of people that are assisting our departments and making key decisions relative to discipline, we may have more

investigations. So while we recognize that we may want to create opportunities for defined people to dedicate themselves, I have to be honest in saying to you that staffing is an issue for us relative to being able to get all of that accomplished with the existing number of staff that we have at a corporate level. If you had an opportunity to review the full report, it also indicated some opportunities to move some investigations to corporate directly, and so while we acknowledge that that creates an opportunity for more transparency and for employees to feel more comfortable that the investigations can be completed accurately, we still are going to run into some concerns relative to the increased number of complaints coming to the corporate office with the established staffing that we have. So we're going to continue to explore opportunities to look at that. We concur with the majority of the findings that we have. It is important for me to point out that in January of this year we did partner with eeoc, and we are beginning consistent training for all employees that are responsible for conducting evaluations and that training is coming from trainers from eeoc. We've completed a full class of 25 investigators, who have completed that training, and as of 1:00 today an additional 25 will have completed it. So we are on track to create an established consistent training to provide to department directors to ensure that all of our staff responsible for investigations are completing effective and continual training that's in alignment with what we recommend from the corporate office. So we have established that, and we are in concurrence that we will maintain the criteria for department and hrd corporate staff.

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And then finally relative to our timing and the time it takes us to complete and our records management, we do not have a mandate and/or a checklist that we provide all investigators as to what should be included in the actual investigation file. As we create the criteria and the procedures, we will be creating some criteria that say at the completion of your investigations, this is how your file should be organized, this is the information that should be included, and corporately right now, we hold our investigation files for about five years, but record retention says two years, so we will working with departments to establish a consistent records retention schedule to ensure that what we have at corporate is the same years of filings that we have in the department. And we thank you for the opportunity of working with you along with the auditor's office to identify ways to not only improve the process but to create more transparency for employees and to ensure that we have the capacity to continue to be -- credibility and trust our employees so that they know when they file a complaint, be it at the department level or any other areas that we provide, that the process is going to be just as consistent, just as efficient and just as fair. And we thank you for this opportunity. >> Troxclair: Thank you. Members, we have two citizens signed up to speak. Do you want to go ahead and hear from them before we ask questions? Okay. The first speaker that we have signed up is Matthew vigil. >> Good morning. My name is mapi vigil and I'm here because I'm an interested citizen on this topic and I wanted to thank council member troxclair and tovo and pool because without you we would not even be here.

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You engage in this and you took the leadership and the support for staff to be able to be protected when they need to be protective with the procedures that we have in place. I used to work for the city. I worked for the city for 27 years, and I was -- I experienced discrimination and retaliation in the last four years of my career. And it was -- it was -- it was a nightmare. I wake up every morning thinking, should I leave, should I stay? And every morning I decided to stay. And I stay with a smile on my face because I did not want to leave because I respected my staff and my citizens. Sadly, I cannot tell you the same from my director, my deputy director, my assistant director, my assistant city manager, the director of human resources and everybody who was involved in my investigation and in my case. They decided to

ignore the truth and they did not give me any support, and they did not protect me from what I was going through. So I did not have any other choice and any other alternative than sue the city after 27 years of working with the city. I did it when I was 24 years working for the city. And it was the only avenue that I have, and I won, and the truth prevailed in court. Why the truth did not prevail in the system, because it was a broken system. I hope it's not broken anymore and we do every step to fix everything that happened in my case, and I also hope that my case was an example of what citizens -- staff goes through and some of them, maybe they don't have the means to proceed because the lawsuit, it was very long, it was very costly, it was devastating for my health and my career. And I hope that that doesn't happen to more employees, so I retired from the city about a year ago, and I retired because I could not work for a broken system where some of the people who were responsible of that

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retaliation and discrimination continued working for the city and they did not receive any consequences for their behavior. And I think it's very good with human -- what human resources is doing now and the key concerns that they have, but, you know, it's good to have reports, it's good to have actions, but don't forget accountability. If you do not follow the rules, if management or any other person doesn't do the thing, then you need to stop it, and they need to receive the consequences of their behavior. And I -- I hope that I continue being part of this. I didn't even know about this meeting. I found out yesterday because a friend told me it was something in KSIN. I began to -- and I found out. Sorry, I didn't prepare but that's what I wanted to tell you. So thank you very much, and take actions and protect employees. >> Troxclair: Thank you. Gus Pena? >> Okay. Good morning, chair. First of all I'd like to say as I said at city council, I want to thank all of the women, because this is a women's month, and I love you all because you all are hard workers. I know you all had some -- sometimes reprisal but I want to say you have strong support here in Gus Pena. Especially my sister Luna. She said you're going to support women's rights. And I am a strong supporter of women's rights. First, I ran for city council in '96, '97, this is endorsement when I ran for justice of the peace, I received the endorsement of the sheriffs association and IRS investigator association. I am a former investigator at the department of

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treasury, collateral justice. We went through training. What I heard right now was not acceptable about the training. I'm glad that they're having more remedial update training. We have that every three months at the IRS and department of treasury. I was reporting directly to the department of treasury -- I'm sorry, the secretary of treasury on all alleged -- resh Rio all -- treasury on all alleged reprisal investigations. I have had female employees come up to me as of seven or eight years ago talking about they're being discriminated against, harassment, touching inappropriately. Take it to APD. Take it to your supervisor. If he or she doesn't respond take it to the city manager, and it will remain confidential. I'm very concerned about update training. Training is very important because laws change, policies and procedures change, and what I heard here is the city does not require to attend periodic training. I mean, it was on the overhead. I'm hoping it changed. It should be -- it should be a requirement. Nobody is to be treated inappropriately or discriminated against. I've been -- I've had discrimination against me and I'm a man here at the state capitol, at the county, and other -- the school board. So what I'm saying is I'm a strong supporter of women's rights. We will not tolerate inappropriate behavior, discrimination or reprisals. That has to stop, and I know it's still occurring. We're human beings, sometimes we act inappropriate, speak inappropriate. My wife told me be careful what you say, you get out of hand sometimes. I said, yes, ma'am, I told her, but the issue is we need have a stronger

training for investigators. I got top-notch training from the feds, okay? Apart from being a federal investigator with the IRS. I'm here to help out in any way I can. I've done my job, 40 years

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of being with the civil service. State, city, county, federal governments, but I will continue to support women's rights. I will continue to support people that have been discriminated against, because I remember here in Austin in 1950s and 1960s, and I'll wrap up, we were called wet backs on East 5th. I'm a native of East 5th. Thank you for allowing me to speak, and again, if you need any help I'm here to help out. Thank you. >> Troxclair: Thank you. Members, do we have questions for the consultant and for staff? Council member pool. >> Pool: Thanks. I have a couple questions. Finding one where you were talking about the file maintenance practice is not in place and not fully conforming with best practices and records retention policies. Should I assume that the records that had been destroyed in compliance with records retention were not human resources-related files? >> They were departmental investigation files. >> Pool: Do you know what the requirement is for records retention for department investigation files? >> I probably should defer to the city to confirm that so I don't misspeak. I believe it was two years. >> Ms. Hays or Ms. Stokes? Either way. >> Do you want me to -- in terms of the records retention schedule on this one, each department adopts their own record retention schedule, and so there were some departments that had a record retention schedule with less than five years, so in looking four or five years' worth of files the department did not have all five on-site. They complied with their records retention schedule, but it also meant that we could not do that over all review, and I believe that the Austin police department was the department where we did not have those files available, but I believe the fire department also has the same retention schedule. >> Pool: Well, I remember having that conversation with the police department

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about investigation files that weren't available, and asking the question -- I think I asked it of police monitor, it had to do with some of the investigation she had undertaken, whether -- if there -- if there were some files that had been destroyed or weren't available any further, if they would fix that. >> And I believe that -- so the files that we were looking at in that, that was in the handling of complaints at APD audit. Those were sworn -- files for sworn officers and these were investigations of civilian employees. So a little bit different universe. But the -- I guess the files just are maintained for a set period of time, that is not as long as we were looking at. >> Pool: Well, do you think it would be useful to have a review of the various departments and divisions records retention schedules and make sure they match up solve we have some uniformity? >> I believe that -- that may be something that's already done by the city clerk. I'm not actually sure about that but I think that would be something to look at. >> If I could, council member, just to speak to that, as we established the procedures, we'll be working with the city clerk's office to establish a procedure for all departments relative to investigation findings, so we're optimistic that as HRD corporate office we will establish what that record retention schedule is for those investigations of non-sworn complaints so that there's uniformity across the city. >> Pool: And I think it needs to be broader than that, because you can't know today that you're going to have an investigation next week, and you may have destroyed or otherwise made inaccessible file that you may need next week. I would just like to see that the city is in full compliance with the state laws on records retention across the board, and it seems like it ought to be standardized across the city so that everybody is doing the same thing. I don't -- I don't know if

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the state law allows for there to be exemptions or differences. >> It does. >> Pool: Okay. >> I don't want to speak for the clerk, but I know that when we looked at for financial records, that there is a minimum standard that the state sets, and you can vary from that, and if you choose to hold them in a shorter period of time you have to get the state's permission but you can hold them longer. >> Pool: And we have always gotten the state's permission in every case? >> That I can't answer. >> Pool: Well, it just seems like it would be a protection for the city to do a little better with holding on to the papers and our electronic files. Okay. I'll let that percolate for a little while. And then on finding 3, which is on page 7, this kind of hits both on standardization and making sure everybody has the same level of training and the fact that there's only five people at hr who are assigned to this effort, and then you work with people within the different departments who also are assigned to do investigations. I recognize that people who are assigned to do investigations in each department have a unique level of familiarity with the culture of that particular department, probably knows the people and knows how things work, and I think that's a strength, but I also think that we miss some things as far as objectivity and standardization if we don't have more robust oversight by human resources, employee relations. You can accommodate that or accomplish that by having regular training, iterative training. You could even swap out this department does the investigation for that department, and they can maybe share background as far as the culture and how things work in a particular department, but -- but there would be more objectivity, and that wouldn't necessarily require more staffing, although I understand the need for that, and if we are going to be more robust and work

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harder at this, we may need to have additional workforce dedicated to this or find ways to make sure that at least the five employee relations folks can focus on investigations and have someone else pick up the slack and the other duties that they're having to cover now. So those -- those are some suggestions and some thoughts I have about how to kind of fill in, and also to avoid the pitfalls of being too close to a circumstance that I have seen happen in my other lives at other employers. >> We've actually utilized some of those exact recommendations within the last two years. One of the things that I think is important is that the consistency and competency across the board is definitely something. As we look at our standardized training that I spoke very briefly about earlier, it will consist of, one, understanding employment law, so bringing someone else in to provide that on a biannual basis. Two would be the ability for the policy class that we already have available, and currently the investigators teach the class, which gives us some benefits because they're the ones actually conducting it so they have that subject matter expertise. But we will require all of our -- those who investigate cases to be responsible for not only the employment law piece but the internal city practice. In addition, I think one of the things that I've noticed is also the need for the competency of investigation writing, preparing the reports, the findings, in addition to the conducting of the investigation. So two pieces of that we are getting with our eeoc, but in our final guidance we will provide very direct required training on an annual and biannual basis, in order for you to continue to be the lead of the investigation. So to ensure that consistency. Right now if we get complaints from employees that they are not trusting of their department, the corporate office will take those investigations. We do that from a multitude of areas.

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One, if afscme or other employees contact us and say, during the investigation they're uncomfortable, we are asking the corporate office to provide some level of assistance and oversight in those cases as well, and we are trying to partner individual investigations for different departments. I'm going to

continue to explore that, but in the -- the spirit of the equity assessment that I just finished, one of the things that we want to do before we finalize some consistent approach to do that in our procedure is to vet that through employees, through our affinity groups and through afscme to ensure that with our process we don't create any unintended consequences that may impact certain employees differently than others. So we are using those ideas, but we need to formalize it a little bit more and get a better understanding from the employees as to what works and what doesn't in order to make sure that our new process is fair. >> Pool: One of the common threads that I heard throughout the last year and a half or so where this has been on our -- on our radar is there's not necessarily a strong amount of trust that the investigations in a department will be conducted without bias. What do you think about that? >> I think it's at the core of the challenge that I have right now relative to this issue overall. I think as a department we have got to do a very good job in reestablishing accountability, trust. You heard it from some of the speakers, accountability. I think we've done some of that with the language that we strengthened in the policy we provided to you. We're now holding management and supervisors accountable for failure to report. We're also strongly through our quality assurance department watching what's taking place in the departments. I think once we begin to establish some metrics that I can actually manage and evaluate in a system, a case management system, I can begin to identify some trends and will quickly

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address those issues, and I think with those areas we can begin to build trust. My first step, in all honesty, is the connectivity to employees. Those who have had frustrating experiences with the process, those whose perceptions of us are not appropriate, to just be able to talk through those and create some open transparent process to be able to provide those complaints, not only to me directly but to the other assistant directors. And finally, council members, I'll just need time. It's taking a while to create the disparity in concerns, and I'll need time to build those relationships, hold my staff accountable. Ultimately be accountable for our processes and ultimately partner with our department directors to hold their staff accountable to be very clear in the process that we follow. And so with that time, with that relationship building, with that assessment of metrics and goals, we're optimistic to overcome the issue of trust that we're currently facing with our employees. >> Pool: Thanks so much. Flush. >> Mayor pro tem tovo. >> Tovo: Thank you. I have quite a few questions, both large and small, but I think I'll start with the issue that council member pool was addressing. So the audit finding -- gosh, I have so many papers here -- addressed -- let's see. Sorry. -- Talked about an encouragement for -- well, it said on page 6, the organization would benefit by requiring -- by requiring that these cases be investigated by the central hr staff investigators and not the individual departments. So that seemed a pretty definitive statement.

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I was surprised to see it not appear in the list of recommendations at the end, at least in -- in that clear language, and I wondered from our auditor if you could explain -- if you could explain that, please. >> Okay. Certainly. There are certain types of cases that we strongly feel based upon what we've seen in other organizations and best practices, should not be done at the departmental level. Those would involve ones including upper management within that department, key executives, because the hr staff within that department obviously report to their director. So there's a perceived bias if they're conducting certain investigations of alleged harassment, discrimination or retaliation within their department, people are not going to believe the findings are objective when the department director is their supervisor. So those type of cases should be removed and sent directly, in our opinion, to the

employee relations department to handle, to provide that opportunity and distance from the department. >> Tovo: So I think the -- I think my question remains the same, because that's not a -- that distinction was not made in the point. It sounded to me from the -- from the audit itself as if you were recommending all -- let me read the whole sentence. Given the importance of complaints alleging discrimination hairs mentd or retaliation the organization would benefit by requiring these cases be investigated by the central -- to me it sounded like all of the cases. >> No, we do -- >> Was that your recommendation? >> That was our note and recommendation. Ideally that would be the best approach, and we talk further I think in the recommendation, that you need to adopt some criteria for how you assign the investigators. That's a policy decision you have to make. And as you heard from your hr director, that may have some staffing or other implications. But if you can accomplish that, those are the most critical. Obviously those are the allegations you asked us to look at, discrimination,

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retaliation and harassment, are typically the most critical ones. It's our view that the most qualified individuals, which would -- should be those who do the majority of investigations, have the greatest training, should be the ones allocated to do that. >> Tovo: And so I guess -- and, you know, I want to spend some time talking about this a little more even though there were questions and answers with council member pool, because it was, I think, one of the primary concerns that continued to arise in the course of the community discussions that -- as has been indicated, a concern about investigations that are happening within the department where the concern originated. And so, you know, when I saw that recommendation again, it seemed quite -- it seemed like a very strong statement but then it was not listed as one of the recommendations in your final summary document. And so I wanted to make sure that it was a strong recommendation that came out of your investigation and analysis of the city of Austin. >> Correct. >> Tovo: Okay. And then I didn't understand the next line, these type of complaints are typically ones where the respondent has been subject to prior investigations for similar conduct, or where the perception of a potential conflict of interest may arise. Were you saying that just those where it falls into one or other of those two buckets should be handled by central hr or really all of them? >> I'm trying -- >> Tovo: I'm sorry, this is on page 6. It's right under that finding. >> Yes. So -- so what we were trying to be clear here is that in any case where there have been prior investigations, where there's even a perceived conflict of interest, those -- those type of cases should also be handled at the central er level. Part of this is ensuring that there is both true

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objectivity in the investigation as well as the perception of objectivity, and if an investigator has conducted an investigation -- or allegations that an employee has made multiple times, that employee may have less confidence that they are going to get a fair -- a fair review. And so in those cases less strongly, but in those cases that would also be something you could take into consideration as part of the criteria that you may use in determining who -- who to and which entity conducts that investigation. >> Tovo: Thank you for that response, and I noticed that you also had some other suggestions, so I -- and I took those to mean if they are not all reassigned to central hr, at least these are -- the chart should be followed in terms of how those get allocated. And so again, I think because this was such a significant concern that I heard when we were having our community conversation, I want to spend a few more minutes talking about it. It also strikes me that as I think about the cases that have gotten the most attention over the last couple years, the article in the states man today talked about the Austin energy, and that appears to have been an Austin energy-led investigation. Housing is another one that comes to mind. Been, that appears not to have been handled by hr. That was handled as an internal investigation

within housing. I think the cases where we have heard the most about and there appear to have been real problems with how those are handled were internal investigations. So I think given that and given our auditor's pretty strong recommendation that those be handled by central hr, I need to return, Ms. Hays, to you, and ask, as I understood your response to council member pool -- well, I guess I need to ask you, what is the plan with regard to those and why -- why is that not a recommendation with which you concur? >> I concur with the concept of hrd corporate taking on more investigations. My reality is in the current very strict budget times that we have, coming back before council and requesting additional

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positions to create that is not necessarily something that we can do immediately with the current budget restrictions. So let me just be clear. I think we can certainly create opportunities for more of those cases to come to corporate. If you let me go to sleep and dream, my dream would be to allow us the opportunity to have one person responsible for oversight and management of a case management system, to ensure that there's consistency in what we see, and additional investigators that can focus, which is something that was brought up in the investigation. I need subject matter experts to train other employees. I need subject matter experts to help departments with applying discipline, and I need subject matter expertise to be able to conduct investigations. Right now I have five people who do all three of those. So certainly if that is the desire of council for me to be able to follow the recommended model, we are absolutely open to it. I just can't do it in my current staffing infrastructure. >> Tovo: And I think in the conversation with council member pool you talked about some other options of having -- you know, that it might be or that you may have already done some kind of swapping of hr in one department with another to kind of cross-evaluate. I would -- I would like to ask for you and our management to really focus in on this issue and maybe come back to us either at an audit meeting soon or via memo, whatever is better, on kind of what the plan is with regard to that recommendation, what are some options that you're considering with regard to that in the light of the current budget. Are there ways we can still adhere to the spirit of it and what it would take to really comply with the recommendation. I'm not sure that this is an appropriate analogy, but I'm thinking about -- about it seems to me we may have made a change in recent years about how legal staff report to the city attorney and whether those are individual departments or within the

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corporate city attorney's office, and maybe -- maybe it's time to reevaluate whether hr individuals are in individual departments or whether they all move over to corporate hr. I don't know -- this is obviously not my field of expertise and I don't want to pretend it is, but I just would ask those for whom it is their area of expertise to really think about how we might accomplish this, and if there is a budgetary impact, what that budgetary impact is, but I hope that we can revisit this point. I know you said you want to with afs my and the a fin -- afs my and the a fin -- afs my and the affinity groups and I assume you want to see their preference or what their feedback is with regard to how those investigations get handled. >> Overall the procedures, the procedures that have been recommended by the consultant and the establishment of those procedures identifying how cases are handled, the timing which we handle cases, the management of that, so it includes most of what you discuss. So as we create those draft procedures, we will vet those through the entities. One thing I failed to share with you all is that in addition to swapping staff, we do allow employees who call us before the onset of investigations to voice some concerns about potential bias with the departmental. We do take those cases immediately. The challenge is if that case has already taken place, those investigations have already begun. In some instances we're getting the information once the case is completed, which is something we need to

address. We also utilize the labor relations office. As a matter of fact, most recently when employees have submitted complaints that need to be investigated and they have been uncomfortable with their department hr, they've also voiced some uncomfortable concerns about our hr because we've done investigations as well. We then reached out to a third level to our labor relations office to provide employees the most opportunity for that. And so we are utilizing that. I hadn't shared that. But to answer your question very directly, as we begin to evaluate cost-effective methods to reach these desired results, we are

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certainly going to report those to let you know what we're doing. >> Thank you, I'm glad you brought that up because you referred to it a little in passing and I did want to follow up on that. And one of the strengths, I think, of our process as it was revealed in the audit and as, you know, a lot of us knew is that there are multiple ways of reporting complaints, and I think that is really a strength of our process, and I'm so glad that you set it up that way. I hope -- and I know the review and the edits and the revisions to the policies and procedures have attempted to communicate staff's options with regard to this, but I think -- it seems to me that that is also an important point, to make sure that we're communicating well to our employees about their options for going outside of an internal investigation, and so I think that would -- that's the kind of information that would be helpful to me at least in a memo form to know if there are changes that you're making, to make sure that that's communicated out, how that's going to be communicated out, and also that option that you just indicated about the labor -- labor relations option, if an employee does not want to go through an internal investigation or an investigation by central hr. Do they always have that option, and if so, is that being communicated to employees that they always have the option of electing to go through labor relations. >> And actually it's an option we provide. -- We don't provide. I only do that in cases where our staff -- they've identified some issue with my staff completing it. So it's an option that I don't want to provide -- because they only have one person that provides that service to us, so in cases where employees have said, your staff has already done investigations and I'm concerned about their objectivity, that is an option for which I can utilize in those cases as well. >> Tovo: I see. So that's -- the labor relations option is really your discretion. Does an employee always have the option of going through central corporate hr versus an internal? >> They have the option of going to corporate hr if they want to file an investigation and they don't

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want to deal with their department. They also always have the option to provide that information through the auditor's office. >> Tovo: Okay. Thank you. I have questions about a lot of other areas. I hope it's okay. I know we're going to spend a lot of time on this today, but I think it's really important. So for the auditor, could you help us understand how you selected the cases to review and how those broke down? I think I heard you say that many of them were from the employee relations division versus internal department records. Can you give us numbers? Can you assign numbers to those. >> Sure. >> Tovo: And explain again what your selection criteria has been and -- and how those numbers break down across different departments. >> Sure. So we did a -- a random selection so that we could ensure that we looked at cases from each investigator, from each department and from erd, and we wanted to ensure we had access to all the cases, which we did. Everyone provided them freely to us. So from erd we used their log of listings, and we did a random selection of those files. It was approximately 45 -- about half of the files that we reviewed, 45 to 50% were erd files. For the department, they provided to us -- they were directed to have available to us all investigation files, from which we then did random selections to look at -- primarily focusing on harassment, discrimination and retaliation

cases. We did a random selection of their files. And so the remainder of those represent file reviews for all departments. The numbers range from one or two in small departments where that's actually all the hrd files they had, to larger departments, we looked at five or six apiece. >> Tovo: And so as you --

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thank you. As you looked at them, I think you came to some conclusions that were -- you know, I was very pleased to see, which is that you had, I think the language was, no concerns -- no concerns about -- no specific concerns that were identified about inappropriate handling of prior complaints. By that language I assume you mean of the complaints that you reviewed. >> Correct. >> Tovo: The prior complaints. And that -- and there was an assertion made also about the -- they seemed to have been responded to appropriately or appropriate responses. And I just wanted you to explain for us kind of how you made that assessment of what was appropriate and how -- and -- in terms of the handling of it and also the outcome. >> So we read the entire files and we had a checklist we were going through to see is there a copy of the complaint that was filed, what were the allegations that were raised. If there were witnesses provided, were they interviewed. Were there interview notes available within the files. Were there other documentary -- documents to support the investigation, whether that's emails, other research that was done. Interviews from the -- the person making the complaint. You know, we were looking for all that information to say that would represent a well-conducted investigation. And it's available in the file. Then we -- we read through that information to determine -- because we had the findings of whether it was sustained or not sustained -- to make some review of whether or not the data and information within that appeared to support the conclusions that were reached. And so that's what we did. Now, obviously our level of knowledge and information is based upon what is contained within that file. It would not be at the same level as the investigator had. But we found nothing that would indicate concerns that there were cases sustained or not sustained where the

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evidence was, you know, clearly to the contrary of that. >> Tovo: Yeah, thank you. I wanted to ask questions about that in part because it was -- you know, I think those are very positive statements about our current process, and I think -- >> Absolutely. >> Tovo: -- The public really needs to know exactly what you were looking at and what you were measuring them against, so thank you for that level of detail. And I'm sorry I'm jumping back and forth among different issues, but I did have a quick question about both the audit cited an increase in the percentage of cases that are -- there's both an increase in the percentage and an increase in the number, and I wondered if any of you have some theories as to why, why that's the case, why we're experiencing -- why we're seeing more cases reported. Is it -- is it a matter of more incidents happening? Is it a matter of increased education among employees about what is acceptable behavior within the workplace and so people are more inclined to file a complaint if something untoward is happening? >> Well, I just want to clarify -- I do want to clarify that in page 2 of the audit report, the information provided by the consultant was based on allegations and not actual investigations. Is that accurate? On your bottom complaint type, these are allegations, not necessarily investigations (indiscernible) -- >> That is correct. These are the number of complaints by type, because each investigation could have multiple allegations, and so this is by allegation type. >> So I wanted to start there in terms of what we saw in terms of what we were provided, were really based on allegations, and I think you were absolutely accurate, council member pool, while I have no capacity to truly know what are the contributing factors to the increase, I do believe considering the timeliness of how those -- that increase took place, I think the conversation

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publicly relative to this, our efforts in already trying to work. I meet monthly with the hrd departmental staff to talk through strategy, concerns and issues. I think that's creating more opportunity for people to feel more comfortable. We've also been doing a lot of public communication relative to our processes, in commission meetings, human rights commission, I've met with all of the quality of life groups. I think all of those contribute to our ability to create opportunities where our employees feel much more comfortable in filing those complaints and receiving opportunity to get a formal process to address their concerns and issues in the work environment. >> Tovo: And thank you for your work in that regard. With regard to timeliness, it wasn't clear to me whether -- I thought I saw some discussion about timeliness, the question goes back to our auditor, but can you remind me what your assessment was? >> Sure, so the majority -- regarding timeliness, what we found was a majority of the investigations were completed within three to four weeks -- excuse me, three to four months, but there were some that extended beyond that. Notably those that took more than six months were about 17% of the cases, and about 5% took more than 270 days, so nine months. >> Tovo: Would you mind either pointing me to where that data is in the audit or just saying it again? >> Sure. I'll do both, because -- >> Tovo: Okay, great. >> -- I got to find it here. It's on page 8. >> Tovo: Thank you. >> At the top, is where we said the majority of the investigations were completed in three to four months. >> Tovo: I was really interested in that additional level of data -- >> Additional detail is when we looked at those that extended beyond that it was roughly 17% that were above six months. >> Tovo: Okay. >> And 5% that were above 9 months. And that's not necessarily a problem on some investigations, and that's just a snapshot in time. There's no way to know how you've trended over time.

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We could just look at it at one point in time. >> Tovo: Could I ask -- I'm sorry to interrupt. Could I ask for clarification? Was it a total of 22% that were six months or more or was it 17% were more than six months and of those 5% were longer than the -- >> The latter. >> Tovo: The latter. >> The latter. >> Tovo: And so that 17% extending beyond six months seems -- sounds to those of us outside of human resources to be a fairly lengthy process. I guess from our auditor's perspective, I know you said that that may be, you know, some -- some investigations may take a longer period of time. Is that percentage about what you expected? Is it higher than you expected? >> I don't think that's excessively unreasonable, but this is something where what we tried to raise was it would be important to have some time frame established that is sort of the target for completion of these, so that you have something to monitor, to say, you know, are we on track with achieving these and if they are starting to stretch out you can look to say, do we need to make internal changes in staff allocations so that they have the time to complete the investigation in a timely manner, if the other duties are what is contributing to that. Sometimes it's scheduling issues, it's availability of witnesses, it's a whole variety of things that can lead to delays. So no, I don't think 17 above six is exceedingly bad. It's just something you want to monitor and check on. >> Tovo: And Ms. Hays, I believe that your management response addressed -- addressed that, but would you just remind us what the plan is with regard to that? >> So low-hanging fruit, smaller investigations that should take a lot less time. Our process right now, I've asked for the division to try to accomplish those as quickly as possible. In addition, as stated, we try to complete our cases within three to four months. That still continues to be our standard, but what I think we can do immediately to improve is that every two to three weeks we communicate back with the

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complainant to let them know where we are. Leaving people a month without knowing what's happening just increases their anxiety, increases the perceptions of distrust. So I think we need to do a better job with continually communicating with complainants to help them understand. I also want you to know, cases grow. They begin very small, and as time goes on we get new complaints as we investigate and we communicate. The possibility of policy violation expands. And so what starts out to be a small-scoped investigation could oftentimes expand, thereby expanding the time that it takes us to complete. So -- that should not be the norm. I'm definitely committed. Again, I don't want to overstate it but I want to make sure we're clear. The five members who were responsible for doing this are also the ones that are project -- project responsibility right now is to rewrite the policies, so we also have to figure out ways when major projects come up to create some opportunity to be consistent with that timeline, but we are significantly impacted when there are other activities happening and those five people. In the departments, we're working with them on a monthly basis to provide some feedback to them on how they can be a little bit more consistent in completing investigations and getting those done in a timely manner and communicating to employees where we are in that process. >> Tovo: Thank you. That seems -- that additional communication seems really helpful. On page 7 there's a discussion about the city's policies don't provide clear criteria on who will conduct these investigations, erd. I guess we've really talked about that, actually. So I wasn't clear on what the answer was about whether employees who have filed a complaint would be provided with their documents without filing a public information request. I think you said you were evaluating a process to provide formal documents, but I wasn't sure on whether -- is that the goal,

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to provide employees those documents without filing a pir? >> I'm still working with the city attorney's office on how best to approach that concern. What we're evaluating now is not turning over the actual investigation and its full report, but maybe providing each complainant a summary briefing document at the end of an investigation that doesn't provide all of the details without the testimony, but just here are the allegations and here were the formal findings. And what was identified in the process in the consultant's report, the debriefing has most consistently been a conversation, and we think we may need to expand that beyond just saying, we closed out the case and this is where we are, to provide them something in writing. We hear the concern, but there are some legal components that we'll have to work through city attorney's office to address. The best approach in providing documentation to close out cases, take it into consideration, the need for confidentiality of some of the information that we receive in the reports, in addition to the concerns that I've heard very clearly articulated relative to the perceived unfairness of having to do open records request to get that documentation. I have equally heard concerns of those who participate in our investigations who say, if my information is going to get out, I am less likely to provide that information because I'm having to have working relationships with those who file the complaints. And so we're looking for ways to maintain some level of integrity and confidentiality within the investigation, but also be very open, transparent and clear to what those findings are in the close-out. So it's going to be a combination. I'm not at this point comfortable with providing the report without an open records request. I believe, and Jeff can confirm, that when we do the verbal debriefing with the employee, we are informing them that they have the ability to do the open records, but we recognize that for many employees they want a little bit more opportunity to have some information after the completion of an

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investigation. >> Tovo: But as I understand -- are any of those documents being withheld from a public information request or are they all being -- are they all subject to disclosure under the open records act? >> They're all subject to disclosure but with the appropriate redactions. >> Tovo: And so I guess I'm wondering why if an employee requests it outside of a -- at the end of the investigation without an open records request, why could those not be provided without -- with the appropriate redactions? >> I would need -- I would need to discuss that with the city attorney's office. There are some concerns with providing that public record with the confidential information without a formal request. So that doesn't mean we don't possibly have an opportunity to provide them some information critical to the closing of the case, but I certainly would like an opportunity after the completion of this to work with the city attorney's office on the most appropriate method by which we provide information in the close-out of an investigation and what is appropriate to provide them without the initiation of a request over records. >> Tovo: Thanks. I guess, chair, I'm going to request that maybe we see this back in some appropriate period of time. I'm not sure whether that's two months or three, but I would like to follow up on that issue once our staff has had an opportunity to confer with the city attorney but also to revisit that question about where they are in thinking through the opportunities for shifting more to central management and also with regard to the page 23, the proposed implementation plan for training -- no, I'm sorry -- yes -- let's see. Following the -- the finding was the city manager -- or the recommendation, rather, the city manager should formally require all the departments to follow the investigation process and implement timely personnel actions, and there was a reference within -- within

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the response, I guess it's the last, the first is sort of discussion and then the last is actually the implementation information, hrd staff will draft an investigation procedure for review in may 2017. Who is -- who will be reviewing that? Is that something that upper management affirms or is that something that will come to council? Who is the reviewing body for those investigative -- for the investigative procedure? >> So the authority to create and establish those, are hr, but as I communicated to you as we establish those procedures, we will vet those through affinity groups, stakeholder groups as well as afscme before we provide those to the city manager for her review and authority. As I understood your direction earlier, once those have gone through those vetting processes and provided, you would like some formal communication back to you as audit and finance committee members as to what those procedures look like and what it entails. >> Tovo: Yes, and so it seems like a couple months is probably not enough time to hear back from you on those if they're going to be finished by 2017, and then you'll begin your process of vetting with stakeholders. There are, I think, the issue about the reports is something I'd like an answer to sooner rather than -- sooner than that time frame, and so whether that - whether that comes back to us in a memo form or in the actual hearing in this format -- can -- >> Can I add something? >> Tovo: Absolutely. I didn't mean to monopolize the conversation. >> Pool: Thank you. I just wanted to emphasize what the mayor pro tem is saying about having the person who's the subject of -- who has filed the discrimination or harassment complaint have to go through the public information release. I've already said in our meeting last year that that strikes me as odd. It may be legal, but it doesn't feel right. And if you are already going to be redacting the

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information, confidential or not, it's a document that is -- that is because of a complaint that that person has filed, and I think that it's important that that person hears and can read everything that has been written as a result of a complaint that that person has filed. I'm willing to -- to adjust that opinion if there is overriding law against that, but like I said, I think -- I think it's not right what we're doing. One

person who should have access to that file is being prevented from getting that file, and it seems like everybody else, nearly, can have a look see at that file. So I really would like some light shined on that particular piece along with the mayor pro tem. >> Troxclair: Did you have -- >> Tovo: I have two more questions, but did you have -- >> Troxclair: Sure. And also we do have one other speaker who signed up to speak, so do you want to go ahead and speak now? I just always like to give the people the opportunity to speak before the end of our discussion so that we can ask follow-up questions if necessary. So Susan Scallon. >> This is . . . >> Hello, I'm Susan Scallen. I worked for the city of Austin for 27 years. I spoke at council and human rights commission and commission on women on this very issue. So I'm glad to see this moving forward and thank council members for their support. Thank you so much. I'm encouraged about things I heard from hr today also discouraged by a few things. One of the things I emphasized is a training issue. I experienced a situation just a few weeks ago in my work

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environment where I'm in a meeting twice a week, with three or four men where I am very often the only woman in the room. And I was asserting myself on a particular situation where I wanted a particular situation to be handled transparently and up front and taken item to council that I felt like should go. I was told by one of the men that I was whining. And when I called him on it, he came around the table and apologized to me incessantly, but he also hugged me incessantly. He would not stop hugging me. He hug immediate all of the way out of the room where I was carrying files in my hand to the point I started crying to the point because he wouldn't stop hugging me. Why do men, women, whatever still believe it's okay like that to behave that way at work with your employees. It's not okay to touch me. I really wanted to see training for employee to know what is appropriate and inappropriate behavior so I hope that would be part of this process. Another thing, and I'm kind of glad I got to come at the end. Because I was trying to think of things I wanted to say. I'll try to keep it short. When hr does an investigation and I was called in as a witness. The hr department was asking an opinion about something that happened. Do I think this person might be thinking this or the other. My opinion about that is not relevant. It should be factual and when you're asking people opinions that may skew the outcome of the investigation so I want to throw that in as an issue. The process. I'm glad you brought that up, council member Tovo, mayor pro tem, sorry. >> Tovo: I've been called

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worse. >> I had a situation where I filed a complaint about my supervisor, trying to sabotage me in getting a reclassification. I was -- my investigation request was dismissed, based on some other -- there was just a lot of players in this situation, so I was forced to -- I couldn't get a copy of the report, but I was forced to do the open records request and in giving -- and in asking for that -- do I need to stop? >> That's your three minutes so if you don't mind wrapping up your thought. >> Bottom line. I went to open records request and asked for any and all information, and a lot of information that actually substantiated my complaint came out of that and yet the case was already closed so I would say if you're not going to provide the person with the information which I think is fair, if I complain, I should be able to get a copy of the report without having to do a pir, but at least don't dismiss the complaint because you haven't done your job and done the proper investigation, which had they bothered to do what I did, they would have seen that it was substantiated. Thank you. >> Thank you. >> Thank you. Can I ask, on the training -- on the training piece of this, do you envision that there would be, I guess, beefed up training efforts for the executive staff or corporate office, or was this something that would be envisioned for all staff? >> So, there are different levels of training that are already in place and others that we're proposing, specifically to the investigation process. We're proposing training specific that's

consistent for the investigators. There's already existing policy classes that we provide for managers and supervisors and our manager and supervisor academies, the discipline and procedural components are already included in those. We can certainly have employees go through those processes again. In investigations where we find that there is some lack of knowledge, we require, as a part

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of some of the -- the recommendations of the findings, that if they don't go back through it, with 13,000 employees, we're certainly going to find instances where employees are not abiding by the policy and we need to address it. I think I'm very supportive of the concept that continual training is necessary. I think we have dimensional training for executives to managers, to supervisors. We can certainly look at opportunities to work with our departments again, to address those issues relative to how we treat one another, appropriate behavior in the workplace, to reinforce some of the concerns that we see to be trends across the board but any opportunity we have to look with particular departments to try to enhance their understanding of our procedures will certainly be open to evaluating. >> So, I mean, I heard you speak about supervisors, but what about just a regular employee? I mean, I know that most -- if not all employees -- I know that my staff had to go to like a two-day training when they were first hired that wasn't at city hall, it was somewhere else. Is there not -- is there not a training component incorporated into the classes that they take there? >> Yes. So, Jeff Burton, interim assistant director of human resources. There's multiple types and levels of training we provide to employees. I think what you're talking about is new employee orientation, and we certainly provide that training. We also have leaps, the leadership academy, we also have department-led training. We developed a training program that is creating a respectful work environment, that talks about expectations around conduct and harassment and employee conduct, as well as reporting, as well. So, we employee a multitude of training opportunities. We are also in the process of trying to create a computer-based training that would cover these same topics that would -- and we can look at

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how to deploy it throughout the organization, as well as on demand, to -- that looks at those same themes this terms of what are the city's expectations with regard to conduct within the workplace. How can we all contribute to that, and then if we feel as though there are issues that need to be reported, what are the different avenues regarding reporting and then what will be done with regard to following up on it, so, we are looking to creating a cbt that we hope to have completed by this thumber. >> Right now, there is no training for just -- I guess someone who is not a supervisor? There's no training that every employee goes through? >> That is required and mandatory for every employee, no. There's definitely training available. There's definitely training that's delivered but I would have to say that other -- outside of neo and outside of the annuals ethics training which peripherally talks about this that's mandatory, I can't say that the hr-related training for all throws would be required. >> So, maybe that's something that you could look into. It seems like two days -- I know that when my staff had to go through the new employee orientation, it seemed like a long time for them to be doing whatever they are doing for two days. So if there's an opportunity to incorporate training in new employee orientation, to me it seems it would be a logical fit. >> Perhaps I'm miscommunicating, because the content that I'm talking about with regard to city policies on harassment, discrimination, retaliation, employee conduct reporting, that absolutely is contained in neo training. I thought you were asking about the pressure training. >> No, I'm not certainly asking about -- maybe I'm not being clear what I'm asking about. I'm not necessarily ask here is how to report something, but training that, hey, you

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shouldn't hug people at work, if it's uninvited. >> Certainly. >> Or probably ever. So, things like that, that are basic training. >> That's absolutely included in the neo training that is also included in the departmental training that happens on a periodic basis, but that periodic basis is not required for all throws, and the content that you speak to is also contemplated and will be included in the computer-based training as well that I spoke of. >> Okay. >> I see the city clerk here. I know that we had asked earlier about the records retention, which I think is what you probably heard, and popped over. Do you have anything to add to our discussion as far as your thoughts on, I guess the records retention piece or anything else that -- >> So, I actually didn't hear the conversation. Someone just came in and mentioned to me, hey, they're checking out records retention, so, I ran in here, but as I understand it, it was mentioned in the audit about the investigation files currently have a two-year retention. That would be based on the state guidelines for that type of record. But we can get with hrd and the auditors office to discuss with them, if that is an appropriate retention period, that we feel internally works for the city, or if we need to increase it. And make those adjustments as necessary. >> Okay. Thank you. I mean, it seems like if we streamline, if we have a -- I guess electronic -- I know it sounds like make A.I.M. Is not the right program. If we have a computerized program to organize complaints and we have a streamlined process, it doesn't seem like records retention would be a difficult -- like longer -- holding records longer than two

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years would be -- >> It's not difficult in being able to do it. What becomes more difficult is when we develop that type of system, we need to identify how long we want to keep them and build into the system processes to ensure that they don't get deleted accidentally or on purpose, and that we actually have a process in place that, at the end of the retention period, they can be expunged. >> So, I don't know who this question is for, but I'm a little unclear with the A.I.M. Program. So, I know that the first finding was kind of there wasn't a streamlined -- wasn't an organized manner consistent. And then we talked about the A.I.M. Program which was supposed to provide that, but then there was also conversation that maybe A.I.M. Wasn't the right program. What was the plan moving forward on how we were keeping track of records. >> Let me clarify what our findings are, and I'll let the department handle how we move forward. The issue we had with A.I.M. Is specifically that it's used only at the completion of investigation. So anything that's currently ongoing, but is not closed did not show up in A.I.M. So there's no way to know easily today how many sexual harassment discrimination retaliation cases are pending. >> Okay. >> Who they are assigned to and who is involved. That's the first. Upon the complaint is entered. Everyone is aware that case is active, who it is assigned to, when it was started, what status it's at. >> So you think -- >> Okay. Go ahead. >> So you're saying that A.I.M. Is a useful, propose yot tool, the issue is making sure the information is entered at the beginning. >> Under the current system, you can do some of the things we recommend. You can start entering the case upon immediate receipt of that.

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You can do that immediately. Aim doesn't have other functionalities. If you want to use it as records retention for everything. It may or may not have the type of document attachment features that you'd like or not but it can do more than it's currently doing but it may not do everything you want it to. >> And in answering, in response to that, when A.I.M. Was established, our goal was to track completed cases. It was a system we created inhouse to simply track it. With the consultant's recommendation to

enhance the capacity of what the current system allows us to do and move towards utilizing it or another system as a case management system, our goal is to utilize it to the best of our ability but it cannot, as articulated, have a consult and do all of the things recommended so as an option, outside of hopefully waiting for human capital management system that would allow us to do all of that and other H.R. Functions within one system, in the intermediate, we were looking at how much more can we program within A.I.M. To meet this goal and secondary, look at case management systems that are more sophisticated, already utilized within the city, the two departments we already identified is the auditor's office and A.P.D. To see if there's some capacity to utilize those current systems in an effort to create a case management system. >> Thank you for clarifying that. >> And the other thing we could do is work with H.R., the clerk's office and we actually do have an enterprise document management system that we might be able to build an integration piece with an I.M.S. Which is more of an attracting compliance type of database, where the documents could reside in the other system, and just be linked. We're doing that with the controller's office and financial system so we can definitely look at that as a possibility. >> Okay. Thank you. >> I had just a couple more

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questions. I -- I don't know if this is a follow-up to mayor pro tem Tovo's question from earlier, but she asked about just increasing -- was there a reason for the increase in complaints, and looking at the data, it really seems that the vast majority of increase is coming from harassment. I mean, retaliation and discrimination from 2013 to 2016 -- I mean, retaliation has actually gone down and discrimination has not increased quite as much as the harassment complaints but when you look at from 18 complaints in 2013 to 71 complaints in 2016, is there -- do you have any feedback for us on why that particular piece -- why that particular complaint has seen such an increase over that time? >> I don't think we have any true predictors to determine why that is taking place. I think as we get through our cases, what is more pertinent information for us are the actual findings if there are actual increases in the number of cases that meet the harassment definition. In many instances it may very well be harassment. It may be another finding of employee conduct, or some other areas. Now, I do know, just from my analysis of the investigations, we have had increase in the number of harassment cases that have been substantiated and that relates to employees truly understanding what is appropriate in the workplace and us having the opportunity to work with departments to ensure that that takes place but I can't give you any definitive documentation that supports documentation for the rise in any particular type. Okay, there aren't any trends that we know of as of now, coming from one department, or not necessarily just from one department but maybe there was an increase related to a particular manager or anything

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like that? No identified trends? Okay. And my last question is on the staffing issue. Cy mean, obviously, we've identified issues and we need to make sure that we have the staff capacity to follow up with them, but looking at the slide, finding 5, the current year staff allocation may be insufficient to effectively handle investigations. Actually Austin has one of the higher allocations of staff to this issue. Houston has seven but Houston is a bigger city than Austin and Austin has five, and -- Denver, Jacksonville, Ft. Worth. Oklahoma City, they all have less than five, so, is it just that -- is it because we see -- do we have any data about the complaints in those other cities? Does the city of Austin have more complaints and we need more staff to handle more complaints? If so, then maybe the better focus is the root of the problem which is why are we having so many complaints to begin with, or is it that we're -- those cities -- those employees are solely dedicated to this issue, and the city of Austin, they have a lot of other things on their plate. >> Let me start by addressing that. I don't think we found now, other

communities don't do great jobs at tracking cases also in many cases. So, we didn't have reliable information to make apples to apples comparison on a number of investigations. On the staffing, one thing to keep in mind, though, is, each of these cities has a different model for hr services so in some cases they are dedicated employees, and that would be different in the propose you're taking. Other cases, they have some er functions or some hr functions but not exactly the same ones that you have. So, it's really hard just on numbers alone to make a decision on staffing based on your comparison to others.

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I think the better approach is to look at setting a standard by which you want investigations typically to be completed. What's an appropriate case load for each investigator and making determinations then based upon the available staff in er, whether that is sufficient to meet those standards or not. So, I think these other comparisons are instructive and illustrative but I wouldn't average them and say -- or do a per population count because the duties so different from hr department to hr department. >> And we don't have the data about how many complaints that are received in each of these cities? >> No. Not available consistently. >> Okay. Thank you. Mayor pro tem? >> Tovo: I have two last questions and I think they're probably quick. One is sort of a statement because the question part has been addressed. I did note the recommendation from the auditor is from the periodic training course from all city employees that covers discrimination harassment in the city policies so I would like to reiterate that point that that does sound like it is a need and an interest, and a recommendation, and a best practice, so I'm glad that that online module is available and that new employees get that training but it does seem there's a need for an ongoing training. There is also a recommendation from the auditor for initial training requirements or certifications, and I wondered, for those who are doing the investigating, thank you for already undertaking the increased training from the eeoc office. That sounds like a great step forward. Will there be requirements for certification for investigators that are added to your mix of requirements for those who are doing investigations? >> We have not evaluated and refined certifications to be

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required. There are certifications for hrd overall. Our employees are already engaging. We host a class for some of those certifications gz, so there are a multitude of certifications that address issues and concerns relative to investigations but we have not defined that. As I described to you. What we defined to be required, moving forward, would be the class on the internal policies, the class that we now conduct, get from eeoc, which talks about conducting cases and the methodology. We are also looking at writing investigation cases and just processes relative to updates on employment law. So, those four pieces are what we are looking at in terms -- and we can provide that to you in some formal capacity. Those are areas that we require annual or biannual training for those leading investigations. >> Tovo: Thank you, that would be hopeful to receive in a formal way. And my last question is about moving forward. The resolution -- I think it was part of that resolution, but certainly it came out of our budget discussions as well. Also during last year's budget we set aside funding for an independent investigator earn instances where an employee might avail him or herself of that option. I want to check in. I know our human resources is working with stakeholders to outline and create the process which that would happen. I want to check in on the time line there. >> We were provided \$40,000. We've had some preliminary discussions but we have not created a process as of yet. I think we are focused now. The staff is completely focused on the establishment of the procedures that we also committed to in terms of chapter "A." As we talked about the utilization of the 40,000 what we recommended if there were

employees who disagreed with the concept of the invest we were completing, we may utilize those funds to have an external person evaluate our investigation, but

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there's complexities to that that we have not completed yet. Those include will the external person evaluate validity of the findings whether or not the actual evidence supports the findings, are they looking at the process, did our city follow the appropriate procedures and process or a mixture of both. To answer your question very directly. Staff has not had the opportunity with the current work load to evaluate and formalize a process we can utilize those funds you provided us to but there's something we plan to do once we completed chapter "A," chapter B and development of this and three other procedures we've committed to evaluating. >> Tovo: I'm sorry I'm drawing a blank on what chapter "A" refers to. >> Chapter "A" is policy and procedures for -- chapter "A" is policy and procedures for employees. We have municipal civil service rules and in addition to that we have chapter "A" rules. When we came to you last year, we only came to you with the changes in definitions. >> Tovo: Right. >> The rest of the manual needs to be updated in that we also committed to you that there were a couple of things we recommended in the definitions that you wanted to be further evaluated, one of which was outside employment, things of that sort. So the chapter "A" policy is the thorough, complete policy that is provided to all employees that need to be updated. We only provided you updates on the definitions piece. Chapter "B" is for all employees in the sworn areas so he we committed to updating our policies and those policies are now in the process of being updated and we committed to come back to you, and those are at your authority for approval so those two policies are in the process of being updated. >> What is the time line for them to be -- I guess I'm trying to get a sense because this was identified as a priority 2. I am trying to get a sense what are the timelines of those other projects. >> I think what we tend to do. And we met with some of the

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groups, once we completed the actual policy development, we can have conversation, do we want to create additional procedures that allow an opportunity for an employee to file a concern to a third party after the completion of the investigation. We have -- we're still writing the procedures and we're just getting the audit report to talk about those procedures, so those procedures need to be in place before we came up with a process that goes beyond the established procedure. So, I think at this point, once we complete this, we're hoping to have the vetting process of the procedures based on this done by June, so we're optimistic, before the end of this fiscal year, that we would have an opportunity to come back to you with some recommended ideas of what we can do. As you recall, we already provided our recommendations on policies and practices that we could use so the 40,000 would really be focused on enhancing what we've already recommended to see if there are indeed any results from utilizing the third party to do that. But in all honesty, we have not had the time and staff to focus on that with the current responsibilities. >> Tovo: Okay. I think I'll follow up on this outside of the meeting. Ill very to go back and look because I thought we had authorized the creation of that process. So, because if T was an element of the resolution, we asked the staff to look at various options for providing that service and then the staff recommendation came back to us last June, with concerns both from the municipal civil service and from management about some of those options. That seemed to be the option that made the best sense and I think we were hoping the stakeholder meetings and process for the outside hearing could be completed and one of the reasons we cut funding down to 40 from wherever it started, I had some time estimates on when that stakeholder process would run and the hearing process could start. I

think that's a conversation we need to have outside, but I still think it's a need, and as I recall, the interest among

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certainly the council members who supported it. Again I'm not sure we ever took an up and down vote on creating that process, but we certainly passed the resolution asking for the investigation of it, exploration of options, and then we passed the budget funding for it. So I think there's a fair amount of will in council. But I understand what you're saying about those other big projects under way. >> And if you recall, council member pool, we discussed a staff member to be hired to be responsible for helping us idea the process of establishing a procedure in addition to the funds to hire a third-party person. In that process, what was received was the 40,000 and we communicated at that time that we would need additional staff to be able to focus on that. But listening to your final comments I think we had conversations relative to it, some ideas but implementing a formal policy to address a third party has not been completed, so we can certainly share with you, and the city manager, what communication has taken place, but that we do not have a product to present to you at this time. >> Okay. Thank you. I appreciate your candor. And that's actually the last of my questions. I just wanted to thank you, first of all, colleagues, for your indulgence letting me go through this in asking questions, thank you, really, to the staff members and human rights. I think we've had so many players in really moving us forward and advancing us on this issue, the human rights commission began this work as did the woman's commission in asking questions and thank you to our staff both in that forum and at city council who stepped up and points, shared their stories in very courageous ways and have pointed to communities for improving our process and thanks to our human resources staff for the steps, for the good work you do and for the steps you have taken to enhance the processes as well. I know we all share the goal of making sure our workplace is free of discrimination,

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harassment and retaliation but in the inevitable circumstances where those issues arise, I know we all share the goal of having the response be appropriate and timely, and so I appreciate all of your work, and continuing to enhance our process here at the city. So, thank you. >> Council member pool? >> Pool: I had to step away briefly. We assign a timeline for six months ago so where we wanted to get responses back to some of the questions that we've asked. >> When I heard what immediate was the assessment of the prr request for the final request, I'll be working with the attorneys office. There will be a memorandum relative to that. The second piece, when we complete and finalize procedures that are recommended, as soon as we complete those, providing those to the city manager and allowing that information to be provided to you all as a part of our next steps, and then I -- in the final conversation, I hear a need for us to expedite some recommendations back to council relative to enhanced processes relative to a third party hearing process for employees to appeal investigations that have been completed. >> I would say the last is certainly my interest, if it makes sense to have that become a council discussion on priorities, because there are these other projects that could be delayed. I'm certainly happy to bring that as a council resolution. I certainly don't want to speak for the full council on that. >> We're finalizing chapter "A," so soon as we're done with that, that's expected to be back you to before the end of the fiscal year. We can move immediately into additional recommendations and utilize the 40,000 to provide you as much data as we can. >> Right. The 40,000, I think was intended to be used to hire the independent hearings officer, rather than to develop the process, so, again, I think --

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but, yes, you certainly heard my interest clearly. >> Absolutely. >> And, again, if we feel there's a need to check in with the rest of the council on that, I certainly had to figure out the mechanism to do so. Council member chairtroxclair, I think it might be true. But I would like to revisit this issue in six months or so, how it -- around then, if that seem as appropriate for you or thereabouts. >> Yes, we are very committed to a six-month response to all of the responses you heard today. >> Great. Thank you for expediting those other two pieces. >> Thank you, appreciate it. We'll add that, too, as an agenda item on a future meeting in six months or so. Just a little bit of a time check. We only have about 30 minutes left. >> I move we accept -- >> We need to accept the audit. >> There's a motion to accept the audit and second? All of those in favor and it's unanimous. >> I forgot to thank our outside auditor and city auditor for all of their tremendous work on this issue. I apologize for not including that in my contact memo. It's very useful. Did we vote to accept the external audit as well as the follow-up audit harassment and discrimination. >> The external audit does not need to be approved. >> Thank you. >> We have about 30 minutes left in our meeting and we have, let's see, one, two -- we have three audits. Do we think -- I know that -- I have had a chance to review the audits previously, so hopefully -- do you think that would be enough for your presentations and allow time for questions?

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I have a hard stop at noon. Because mayor pro tem tovo has done such a good job managing this committee, I do have an appointment. Unfortunately, it was necessary that we look a long time with this previous audit youity, because it's such an important issue, but I want to make sure we have time to get through all three. >> I think what I would say, we should move through them in the order they are posted. Certainly item 7 is one that we can defer. It doesn't have a management response, so there's nobody here for that item. So if we need to, we can postpone that. If we get to it, great. I would say items 5 and 6, if we get through these. They are relatively quick presentations. >> And I say, I'm willing to stay, so that she can have it taped and listen. If necessary. >> If there's not a vote required. >> And I promise I don't have as many questions on the following items. >> Okay. Let's move on to agenda item 5 which is audit of the city utility streetcar repairs. >> Good morning, everyone. My name is Walt persons. I was the one that oversaw the audit. Caroline Kirschner is the manager of the audit and was not able to attend. The objective is whether street cut repairs were done in a timely manner. Another objective is determine whether the current model for street cut repairs is cost effective. Thank you. In Austin, the public works department completes permanent repairs to street cuts made by Austin water when they fix type pipes or other utility infrastructure under the street. Once Austin water completes their work they put a temporary

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patch in place like the one you see to the left on the slide and request permanent repair from public works. Our first finding, for the audit is there's a large and growing back log of utility street cuts waiting permanent repair. Our review indicated that March 2016 they had a back log of 864 street cut repair requests and this is reflected in the length of time it takes for public works to get to and complete a permanent repair. Per an agreement between the departments, public works becomes responsible for maintaining temporary street patches 30 days after Austin water completes their work. And per the city standard specifications manual, temporary patches should be permanently repaired within 90 day, however, our analysis found that it takes public works 357 days on average to complete the permanent repairs. If Austin water ceased making street cuts for utility repairs it would take public

works more than 3 1/2 years to address the back log at the current rate. We also found that some temporary patches awaiting permanent repair are unreliable, and possibly unsafe. Our testing included a review of ten randomly selected temporary street cuts found across the city and each of the temporary patches we looked at had been in place for more than 90 days. After 90 days the temporary patches are at an increasing risk of deterioration. As shown on this slide some temporary patches in our sample were uneven possibly due to an unsatisfactory patch put in place by Austin water and some contained loose gravel perhaps due to deterioration cautioned by age. Loose gravel in uneven surfaces do not meet city code standards and may be unsafe.

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Austin water has 107 employees available for making street cuts and utility repairs while public works has 53 employees performing the permanent street repairs. This resource difference may contribute to the back log and as you see here, Austin water is making nearly 100 more temporary street cuts per month than public works is able to repair. A lack of documented procedures contribute to inefficiency, for example public works may not be able to verify inspections are done according to standards because they lack documented policies and procedures. In addition public works management and crew supervisors gave our auditors different answers on how the department prioritizes work. Another finding is that public works cannot be sure they report or use accurate information for planning our resource allocations. The department adopted a new work order system in October 2014 and had to manually enter the existing work orders at that time into their new system. We found that there were gaps where no repairs were recorded and as shown on this chart there's significant differences between what the department was reporting on their performance measures, and the back log size based on the data that we analyze from their work order system. On this chart, the red line is the amount of the reported performance measure while the darker line is the back log size according to our analysis of their data. And the gray area is the discrepancy. We also found data such as repair start dates, completion dates and status are inconsistent with information maintained separately by Austin water. On our last finding we found

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public works cannot determine if a contract they entered into for street cut repairs is cost effective when compared to their own costs. They enter into a \$1 million three-year contract in November 2016 to perform street cut repairs. This was done in an effort to reduce back log repairs. However the expense data public works collects on inhouse repairs is incomplete and may not reflect actual labor and equipment cost. Without the complete and accurate data, the department is not able to determine whether contracting work is cost effective move for the city. To address our findings we recommend that public works evaluate options for eliminating the back log of utility cut repair, development, implement and monitor written policies and procedures and assess the cost effectiveness of their utility excavation repair we also recommend Austin water temporary patches or repairs immediate the standards of city code standards model. That concludes my presentation. I'm happy to answer your questions. >> Thank you. Should we go ahead and hear from our staff, staff response? >> Good morning. Richard Mendoza director of the department of public works. >> Turn on your mic. >> Of course. There you go. Richard Mendoza department of public works. City of Austin. I'm also joined by system director over operations. I do want to thank the audit team for evaluating this issue of outstanding utility cuts within the pavement. In general we did agree with

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findings and recommendations for the audit report. Initial response was that given existing conservative resources, we could address this back log and eliminate it within three years. However, given my experience and I know I've only been with the city of Austin two years, I have been in public works for over 25 years. That was not acceptable to me. We have thus gone back and re-evaluated that and prepare an 18-month get-well plan. So basically cut our plan to not only eliminate the back log of outstanding temporary utility water cut repairs but sustain that going forward so we do not develop an additional back log going forward. We've identified some opportunities within our work management system, so that we have confidence in the data around the size of the back log, and our tracking. Not only in terms of the number, and locations, but in terms of cost, for cost effectiveness. Last year, city council did approve us to move forward with a \$1 million contract, to use outside contractors, to address the back log, as well as additional personnel to increase our staffing from four full-time crews to five full-time crews to address the go forward, so we don't develop a new back log. In the areas of training, in coordination with water department. Our crews and supervisors are working with director mazur's group to make sure quality and repair methods meet our standards to affect quality of temporary repairs so that they stand up until we are able to come up behind them and affect the permanent utility repairs. So I'm available to answer any specific questions you might

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have in terms of findings and/or recommendations. >> So, you have a plan to address the back log within 18 months? Is that -- is that in our material somewhere? >> It's in our first response. And so what we're going to move forward with are two contracts. One separate for asphalt repairs and a Spratt contract for concrete. One of the data findings from the report is that water uses a different work order management system. And so when they do a location, and they main break repair and excavate the roadway, that triggers a follow-up request to our department, to our maximum work order system, however, that can generate multiple follow-up work orders. We have a work order for saw cutting. A work order for the actual pavement restoration, and if there's an adjacent curb or concrete, or sidewalk repairs necessary, that's an additional work order. So, we found in our -- looking at the data, that there was not syncing up, if you will, between the two work management systems. >> So, I guess my question really was more -- is this something that you can implement right away, or is this something that you're going to be coming to the council for additional funds to address? >> So, it will be part of our budget process. >> Okay. When we move forward with the new contracts and it will be 18 months from the execution of those contracts. >> Okay. Ly would be done, adopted in the city's budget in September? >> Yes, ma'am. >> Okay. >> We're under a current contract. It's a three-year contract. We're in the first year. We have \$1 million additional that were approved. So we're continuing with that

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work. We also moved to filling positions. To increase our capacity in the current year, and in Ensing years, we continue the contract work and have the full-time added to the inhouse staff to address the back log and keep pace going forward. >> Director? >> Austin water funds these cuts, so additional funding to eliminate the back log in 18 months will be included in our budget and public works is our service delivery manager of both internal resources and contracting so we'll make sure we have adequate resources to eliminate the back log as well as fund ongoing cut restorations. >> Thank you. This audit was really concerning to me, just as -- you know, this is something, like filling potholes is one of -- the thing, when you think of municipal city government, this is what we should be doing well, so I appreciate this was a topic for an audit to provide us with this information and that there's a plan going

forward. But I mean someone who read this audit commented to me, the city likes to brag about all of the bells and whistles that they have, but sometimes we're not doing the very basics very well. So, to me this is one of the very basics we should be doing very well on a very consistent basis. So, I appreciate your efforts to make sure the back log is addressed and we prioritize funding in order to make sure you have the staffing necessary to do it. Members, any other questions? All right. Is there a vote to accept the audit, or motion take up to the audit? Motion and second. All in favor. Okay. Accepted unanimously. >> Thank you. I think we should have time for the next one as well. With that, we'll move on to the

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next item which is audit of the parks and recreation department cash handling. >> Good morning. We did this audit to determine if the parks and recreation department is accounting for all of the money it received. Pard operates a wide range of facilities like those listed in the table. Over the last five fiscal years, they reported average revenue of \$20 million for year for all of the sites much the city has a policy called cash handling policy that outlines procedures departments must follow to safeguard the revenue they receive. Although it's called cash only policy. It does refer to all types of money, all types of revenue, credit cards, checks and paper money. The table shows revenue deposited by payment type. As you can see. Different sites collect money in different ways. Some primarily credit cards, other checks on others primarily paper money. >> As noted in a prior pard resource allocation. Many can determine the number of visitors they receive. Without this, it's difficult to determine how much money they should have collected. Technology issues can lead to procedures that can lead to the theft of paper money. For instance the registers at pools cannot void transactions if a cashier makes a mistake on the sale they have to create a second transaction with the second information. The results is they have two recorded in the system, money is only collected from one. Without robust. This could be used to hide the

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theft of cash. We know eliminating acceptance of paper money could reduce cost. It would have benefits. If that's the direction. One might be fewer resources spent protecting that money. But also, one of the challenges that you have to accommodate residents who have no other payment option. So there's more benefits and challenges listed on the slide, but also on the report. We know that inconsistent oversight, would result in the lack of city call. All tested, the pard staff had followed the policy. We noted several did not take the training. And several had shared registers which made it hard to track and noticed instances where the records have not been verified. All they they were viewed they had not been noted or addressed. For opportunities to align city policy, we saw that some sites made -- did not comply with city policy, specifically not making deposits as required. We know this may have actually reduced their risk. They were keeping the funds overnight in a safe rather than depositing them every day, so they were able to deposit during the daylight hours when the branches were open, so reducing the of risk of theft and were able to get a receipt which helped accountability. In other instances some sites were making an effort to comply with the policy and this may have created insufficiently. One made 11 deposits in less than \$20 in an effort to comply with the policy. Factor in all of the resources to prepare the deposit. Travel to the bank, it's likely they spent more money making the deposit than they deposited. We noticed there were three sites that -- we saw this issue. If you set a minimum deposit

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amount we chose \$500 since that's specified in the policy and didn't make deposits until that minimum threshold was met. There would be possible reductions in the amount of deposits and resource savings up to 70%. And we didn't note in the report although we focused primarily on parks and recreation department. Some issues may be for other departments that accept or handle cash, so it might be benefit other departments to review their own policies and see how they align with city policy. To address these issues, we made four recommendations. Two of them were related to using technology and process changes to identify expected revenue and then reduce or possibly eliminate the acceptance of paper money. The other recommendations involved improving oversight of the cash handling functions and working with financial services department to develop cash only procedures that address specific practices at the various park sites. That completes my presentation. I'm happy to answer any questions. >> Any questions? Council member pool? >> Pool: Thank you for this presentation. I thought the presentation make last week highlighted this situation and brought too into good focus. I appreciate the efforts under way at park to respond to that. I guess we can hear management's response. >> Sure. Acting director, Kimberly Mcneilly, in with me is acting assistant director Angela means. So, the department concurs with the findings. With regard to the first recommendation which is to find ways or identify ways that technology and other process changes may help us diminish our risks, the department has already worked with our partners in transportation to be able to

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have a ticketing system, an electronic ticketing system and it would be temporary. It would only be an intermediate fix because that system still has -- doesn't allow us to collect certain kinds of data. Doesn't allow us to keep track of attendance but would help us eliminate the handling of cash, so it would help us with our, maybe identifying some of our left issues may come in, or vulnerabilities. We don't know we have issues, we know we have vulnerabilities and our long-term plan is go out with an rfp to look for a company that would be able to provide us a ticketing service, similar to if you participated on a sub Waite where you get a ticket, it would collect data from us, we know where people are coming from with those things. Short term we have a short term response. But long term we want to look more holistically, especially since we had our resource allocation audit and data collection to be able to resolve the issue on a bigger level. With regards to our issues with the oversight or oversight of our cash handling, we will be increasing training. We will put together some records that will be a better idea of who should be having cash handling training. We already implemented a system with our hr department that when an individual is hired on, we know when we are supposed to have cash handling program and checks and balance system to make sure they are trained. With regards to the policies as they had discussed we would like to sit down with other entities within our city to talk about the cash handling policy and how operationally, while we try to make some -- we try to comply. It doesn't always work for our operations, so what is a way that we can have good compliance, good checks and pals, but be as efficient and effective as possible and our partners open to those

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conversations and the last thing that we'll do is have a risk-based audit plan. We've been auditing different cash handling areas just on a random basis or equally, but what we like to do is implement where there's more risk perhaps have more audits at those particular locations because that way we can kind of diminish the risk because we're having more audits in those locations rather than an equal or random selection of sites. So, we certainly agree and we're already on our way to make some changes to be better cash handlers. >> Great. Thank you. Does anybody have any other follow-up questions? Mayor pro tem? >> No, I was going to move acceptance. >> And I'll second. >> Great. We have a motion to take

the audit and second? >> Motion to accept the audit and second. Unanimously. And we are to the almost last item. I'll let mayor pro tem take over. >> We won't be able to accept the audit without, I don't believe. >> I think we can accept it at the next meeting. >> Fine. So -- >> That sounds great. >> Hi, I'm seep yore auditor and will present the results of the first fiscal year 2017 follow-up. As you've seen here today, most of our audits contain recommendations for department management to implement. Management indicates when as well as how they plan on completing the recommendations. Management reports to the controller's office every six months on progress implementing the recommendations. The office of the city auditor may follow up on recommendations to determine if they've been

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implemented successfully. In the last five fiscal years we've issued 139 recommendations. For this project we chose 21 of those recommendations from eight audits to review. Of those 21, 11 recommendations were reported to the controller as implemented and nine were report zed as under way. One recommendation is no longer tracked by the controller's office which I'll explain towards the end of this presentation. The 11 recommendations department management reported as implemented we confirmed were implemented. Office of real estate management improved its tool for tracking and sharing information on real estate acquisitions with finance and project management. Austin energy improved its oversight of the appliance efficiency earn during that energy customers received the rebate they are entiled to. Animal services improved its process to responding to citizens reporting loose animals as well as added security to its storage of controlled substances. Austin energy has improved performance monitoring for its low income weatherization program. Small and minority business resources improved their system for documenting and certifying. They also reviewed procedures for certification and ongoing compliance with the program. Nine of the recommendations we chose as high risk were reported by department management as under way. We confirmed that the departments are working on implementing those recommendations. We saw management has made significant progress towards implementing recommendations in small minority business resources, neighborhood housing, community development, real estate. Austin energy weatherization and animal services. The development services department is beginning to implement recommendations from a December 2014 building fees audit to ensure permitting fees

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are being charged properly. >> Wait a second. >> Of the 21 recommendations we chose to review, one is not being tracked by the controller's office. Three years ago we performed an audit of the city's handling of personally identifiable information. After our audit, council approved resolution to create compliance and monitoring process for pii, and administrative bulletin it from 2016 begins to provide guidance to departments on how to handle pii but several departments are in the process of developing more thorough procedures to share citywide including the law department, communication and technology management and the clerk's office. This concludes my presentation. I'll be happy to answer any questions about the follow-up. >> Thanks very much. Council member Poole pool. >> Okay. Let's go back to no. 2, building and development fees audit from more than two years ago and you said that they are just now beginning to address? >> Yeah, the department experienced a complete reorganization in that time, and they are transferring all fees to an automatic calculation system, >> Pool: Do we have -- okay. So a reorganization of the department. So I am given to understand that whoever was tasked with the effort was redirected? >> This was -- the audit that we did I believe was when development services was part of planning, so planning and development review, and then -- >> Pool: And then the reorganization

is Zucker. >> Right, since then. And in this audible what we saw is that they've created a manual process to address some of the concerns that we saw in our original audit, but the response was and the plan is to automate those so

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that those manual errors or processes don't have to occur. >> Pool: So how -- somehow is that -- how are those fees doing? Did you -- have they been accurate? >> We performed -- >> -- We remitted testing based on the testing we did in the original audit, which focused on fees that had a high chance of being incorrect, and in our follow-up testing we found that 11 of 12 fees were accurately assessed this time. >> Pool: Okay. And the one that wasn't, was it minor or -- >> Yeah, the assurance coordinator managed the project. Yes, the one that had some minor miscalculation I think it was in the range that overall in the sample we concluded that the calculations were reasonable. >> Pool: Okay. Well, that's good to hear. Do we have a sense of how much time it will take for that division to get on to Amanda? >> I don't believe we have heard a new timeline. I think they're testing different approaches. They have a staff member dedicated to training employees, doing some simple testing of the calculations, and they're still figuring out the best approach. >> And will they be back in touch with you to give you an idea? How does that work? >> We'll be sending out a request for follow-up in the next month, and so we'll have a report that will come to you probably within the next two and a half months with the latest updates on when they project to complete the work on the implementations. >> Pool: Okay. I'm a little bit concerned that the effort was -- and I understand about the reorganization of the department and everything that was going on there, but I do think that when we have an audit exception, you know, and we're looking at a follow-up, that that deserves really continued

[12:01:08 PM]

attention, and I think a gap of more than two years really isn't acceptable. I'm glad, though, that you didn't find any -- that you found accuracy in the assessment of those fees. I think we're also very fortunate that that happened, but that delay is too long. >> Tovo: Thank you, council member. So with the absence of mayor Adler and chair troxclair we cannot accept this so I guess we'll just slate this for next month's agenda and then hopefully our colleagues who are not here will have an opportunity to go through the presentation so that we don't have to have another presentation. Let's not schedule it for another presentation. We'll just schedule it for -- it will be my recommendation to accept it and hopefully I'll make that motion next month. >> Pool: That sounds good to me. I'll be happy to second it when we can. >> Super. >> Tovo: Do you have any agenda items for next month? >> Pool: I do not. >> Tovo: I guess the only other one we identified was the antidiscrimination follow-up discussion in about six months. Okay. Thank you. We stand adjourned at 12:03. >> Pool: Thanks, everybody. >> Thank you. (Meeting adjourned)